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Topics of the Month

WAR DEBTS AND TAXES

TO the war expenses of her allies, except Great Britain, France has contributed a sum estimated at \$1,300,000,000.

To her allies Great Britain has advanced an estimated amount of \$6,750,000,000.

Up to March 1 the United States had loaned to her allies \$4,734,000,000. Of this amount \$2,324,000,000 was advanced to Great Britain, \$1,440,000,000 to France and \$325,000,000 was loaned to Russia.

Great Britain and France have assumed burdens in this respect as great as those of the United States. This country has, however, displaced and relieved the other two in a large measure and has also extended assistance to them.

Before this conflict began there was a theory that the cost of war, fought on a theoretical modern scale, would be so great that a contest of long duration would be impossible. This war has passed into the last half of the fourth year with nothing more remote from the economic contemplation of the belligerents than a cessation of hostilities because of depleted treasuries, exhausted credit or lack of financial and material resources.

In January, 1917, the president of the Reichsbank was quoted as saying that Germany could not stand a debt of more than one hundred billion marks, and promptly added, "But Germany will never reach that point." Germany's debt is now placed at 124 billion marks on which the annual interest obligation is 6,200,000,000 marks and the Reichstag, forgetful of the prediction of the Reichsbank financier, has just voted a new war credit of fifteen billion marks.

The annual increase of Germany's wealth before the war was placed at ten billion marks by Dr. Karl Helfferich, former minister of finance. This has shrunk enormously. A year ago the president of the Reichsbank placed it at six billion, but admitted that this figure included increases from the manufacture of munitions and war supplies. The conclusion is, therefore, that a proportion of the interest must be met from capital on hand. Germany, however, seems little concerned about bankruptcy although the lack of concern may be attributed to the hope of smashing indemnities, but certainly there is no indication of a cessation of hostilities because of the theoretical poverty produced by the figures.

The debt of Great Britain is smaller than that of Germany. The war expenditures of the United States are estimated at eighteen billions by the end of 1918. Every nation is interested in the maintenance of its financial stability, but everywhere there is confidence that the results of the war are not dependent on what financiers and economists pronounce to be financial success or financial failure.

The history of the finances of the nations engaged in the great conflict promises to be as interesting as any chapter in that book, especially the division of the work which deals with the overturning of ancient theories and the destruction of what are now termed the old illusions. There is no hope for the prophets of disaster in finance unless bankruptcy is presently admitted by some of the belligerent nations.

The determination of the financial condition of a country is the process of comparing its present and future

debt service with the potential national income and the capacity of the people to pay taxes. In the case of Great Britain, for instance, it is estimated that the annual British budget at the end of March, 1919, will be 540,000,000 pounds, as compared with 197,000,000 pounds before the war. For the fiscal year, which ended March 31, 1918, it is estimated that the revenue receipts were 638,000,000 pounds. The national income was placed at 3,000,000,000 pounds, so that the estimated budget will take about 18 per cent. of it and the average tax would be two and one-quarter times what it was at the beginning of the war.

Before the war the French budget was about five billion francs annually. If the war were to end this year the budget would be about seventeen billion francs, of which six billion would be for debt service.

The prospect outlined by these figures is for years of struggle under tax burdens, but there are some compensating features. Students of general conditions, industrial and social as well as financial, see at the end of the war the release of tremendous amounts of energy, now employed for war purposes and to a considerable extent developed by war demands out of sources previously dormant. If the experience of former wars is repeated, thousands of soldiers, with the spirit of adventure aroused, will seek new fields of activity instead of returning to their old occupations. The ranks of business will find strong recruits whose initiative will have been developed by severe tests and whose determination will have been made dauntless by harsh experiences. Thousands upon thousands of women, trained to new and more lucrative work, will not consent to leave it. Millions of what were formerly unproductive units will be engaged in adding to the sum of the national income and the national wealth.

War has been teaching efficiency from the beginning. The teaching is not finished and the lesson has not been learned. Under the stress of necessity a premium will be placed on every instrumentality and every device that makes for the saving of labor and the increase of production. High wages and the cost of materials make still more emphatic the necessity for developing efficiency. Increased production will be attained to some extent by the better use of tools and probably to a much greater extent by the utilization of man power which previously was wasted. If the war lasts long enough there will be no idle hands and fewer idle hours. It may seem grotesque, but more than one engineer has made the estimate that Germany, in the matter of production, is 10 per cent. efficient, while England and the United States are only 2 per cent. efficient. The opportunities for improvement are therefore without bounds. Even now when the cry for more farm labor is ringing through the land, the echo brings back the findings of a hundred agricultural experts that with adequate farming methods, Iowa, Kansas and Nebraska could produce enough grain for the needs of the entire country.

The prospects of continuing tax burdens for a century to come may be very real if there is a determined adherence to old ways; they may be disregarded if there is a universal determination to produce the wealth we can or if necessity compels it.

COMPULSION

The Committee on Finance and Currency of the New York Chamber of Commerce has under consideration a resolution of which the last paragraph reads:

Be it therefore resolved, That the Federal Reserve Board be urged to consider the wisdom of recommending to Congress and to the states, legislation which shall make it a pre-requisite to the validity of mercantile book accounts of the sum of \$1,000 and upward, maturing in thirty days or later, that they be evidenced by negotiable instruments in such form as the Federal Reserve Board shall prescribe.

This resolution is another variation of a plan proposed with various modifications to the same purpose. It marks the narrowing of the discussion of the utilization of the acceptance to a conflict between that form of expressing credits and the open book account which endures beyond the customary time in which the cash discount privilege may be exercised.

This is probably a correct expression of the advantage of the trade acceptance. It is obviously superior to the open book account. It is obviously not superior to the cash discount system and to the latter the utilization of single name paper is frequently a necessity. If the cash payment, with or without a discount, is to be retained as a trade custom, single name paper will also be retained. The problem is, then, to do away with the open book account and the slovenly methods which are incidental to it. The work of the American Trade Acceptance Council is, therefore, primarily directed toward the abandonment of the open book account. The tendency toward enthusiasm in the campaign is certain to find expression in the advocacy of methods that may be of doubtful utility. The application of compulsory processes is seldom desirable and often stays progress. The trade acceptance is developing with marked rapidity. As yet there is evident no necessity for interfering with this orderly and natural process of development. Business men and trade organizations have taken up the idea with great ardor. Curiosity is rapidly becoming interest and interest is being translated into action. The field is large but there seems no occasion for imposing penalties on those who adhere to a custom of long standing and whose greatest dereliction is ignorance of a method whose advertisement was seriously begun only six months ago.

TWO KINDS OF BANKING

The line of demarcation between commercial and investment banking was drawn with precision in the Federal Reserve Act except in Section 11(k). The provision which permitted the Federal Reserve Board to extend what are known as trust company powers to national banks got into the Act as the result of representations made by national bankers who chafed under the restrictions which did not extend to the banks having state charters. Some hundreds of national banks have been given the right to exercise fiduciary functions and there is now pending a bill which would give such powers to all national banks when the exercise of the powers is not in contravention of state law.

The interpretation of Section 11(k) has been made by the Supreme Court of the United States, overruling a decision of the Supreme Court of Michigan as to the constitutionality of the provision, while the decision of the Supreme Court of Illinois that the exercise of such rights by national banks would be in contravention of the state law seems to stand.

In such circumstances it is pertinent to consider the possibility of a settlement of the question by the enactment of extensions of the statutory rule. It is probably fair to conclude that in this country there never will be drawn a strict line between investment and commercial banking, nor will the various kinds of functions of banking be exercised only by corporations formed for that particular purpose. There are trust companies whose chief business is banking and there are banks doing some commercial business whose chief source of profit is from investments. The point to be made is that the banker himself or the banking concern does not determine the kind of business he is to do. He gets what he can and in the development of some years it may be a very different business from the kind he originally intended. Trust business is slowly developed and is not to be had merely as the result of desire or equipment. The departmentalization of a bank comes with its growth. The obligation of the lawmakers seems to be to take account of the tendency toward departmentalization banking, to hedge the departments about with the obvious and necessary safeguards in the way of segregation and examinations and let the institutions develop as they can. It is unfortunate that it is so difficult to restrict the banks equipped to do commercial banking to that particular field. Commercial banking does not mix with anything else and is a jealous master.

THE THIRD LIBERTY LOAN

Announcement of the amount and terms of the third Liberty Loan was received gratefully by the expectant forces which are charged with the task of disposing of the bonds. There was satisfaction as well as surprise that the amount is to be only three billions. The public mind had been prepared for something much larger and more difficult. Study of the situation had, however, disclosed previously that it would probably be unnecessary to ask for a larger amount. Receipts from the war revenue bill are due in June and the provisions for funds previously had been so ample that the money could not be spent. For instance, for the first half of the fiscal year the military establishment had spent less than two billions against estimates of more than eight billions for the whole year. The Shipping Board had spent less than one-fifth the amount provided and the expenditures of the navy had been little more than half the amount expected.

In providing funds, Congress and the people have done very well. Everyone would be glad if it had been possible to expend the funds provided judiciously, because that would mean the transformation of the money into materials for war and materials are greatly needed. It is a surprise, therefore, that the amount sought is within the sum authorized by the existing law under which there remained \$3,666,000,000 unissued. While the

amount of the third loan is only \$3,000,000,000, Congress will be asked to authorize an amount which will cover the estimated needs during the remainder of the calendar year. This seems to be very desirable. A reversal of the peace rule that a surplus leads to extravagance must be recognized; for in war provision must be made against uncertainties.

As interesting as the amount are the terms of the loan. The rate of $4\frac{1}{4}$ per cent. seems to have been fixed upon as final. The intention is to hold to that rate as the maximum for all past issues which may be converted into this new one. The provision for a sinking fund also caused satisfaction. The clause making the bonds of this issue receivable in payment of inheritance taxes provides a feature that will undoubtedly prove most acceptable.

Under the circumstances there should be no difficulty in selling all the bonds. Difficulties were anticipated. Tax payments will bear heavily on the resources of many who have bought large blocks of bonds. The farmers will probably need their free funds at this time and there are, of course, many persons who have not paid for their last purchases of bonds. But these were the expectable handicaps. The country is now better attuned to the war. The need of action is obvious. The organizations are experienced and well equipped and prepared. It is an opportune time to show how quickly \$3,000,000,000 can be raised. Wilhelm, Hindenburg & Co. are furnishing the incentive and all the reasons.

THE FINANCE CORPORATION

On March 21 the House of Representatives passed the War Finance Corporation bill by an overwhelming vote. The text of the bill differed materially from that of the Senate measure previously passed by that body. Immediately after the vote was announced and Mr. Kitchin's motion to send the bill to conference had been agreed to, Mr. Glass, chairman of the Committee on Banking and Currency, moved that the conference managers on the part of the House be instructed to insist on the retention of section 13 as passed by the House. This section reads:

That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal Reserve Act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such bonds of the corporation and to rediscount eligible paper secured by such bonds and indorsed by a member bank. No discount or rediscount under this section shall be granted at a less interest charge than 1 per cent. per annum above the prevailing rates for eligible commercial paper of corresponding maturity, nor, in any event, unless such member bank satisfies the Federal reserve bank that it has in its possession for the purposes of such transaction insufficient commercial paper eligible for discount or rediscount under the regulations of the Federal Reserve Board made under authority of the Federal Reserve Act.

After some argument Mr. Glass withdrew this motion, but not until Mr. Kitchin had agreed to stand by section 13. Mr. Kitchin said:

I said with regard to this section, which is so vitally important to the preservation of the Federal reserve system in its integrity, that I would not come to an agreement in conference until gentlemen who had made these objections—that is, who seemed to favor this instruction—were satisfied with the action that the House conferees would take on it.

In supporting his motion before he withdrew it, Mr. Glass made clear the reasons for his insistence on the retention of this section which makes the rediscounting of paper secured by the bonds of the War Finance Corporation an emergency provision. Mr. Glass said:

Mr. Speaker, when the bill just passed was first drawn to my attention it was quite obvious to me that it had been given a mistaken reference. The bill plainly was a banking and currency measure and should have been referred to the Banking and Currency Committee of the House. In this connection I want to say that the chairman and the members of the Committee on Ways and Means of the House were perfectly courteous and reasonable about the suggestion that a rereference of the bill be had. They made no objection to it. I did not insist upon a rereference, notwithstanding the fact that some of the members of the Banking and Currency Committee of the House were very anxious that there should be a rereference of the bill. One reason why I did not insist upon a rereference was the very sane and fair attitude of the chairman and members of the Committee on Ways and Means. They asked the chairman and other members of the Committee on Banking and Currency to review the bill and offer suggestions, especially with reference to those provisions that brought the War Finance Corporation in contact with the Federal reserve system. Some of the amendments suggested in response to this invitation have been embodied in the bill. For instance, section 13, in my judgment, is the only thing that stands, textually, between the Federal reserve system and utter wreck. It is the one literal safeguard which should not be abandoned or weakened. I do not believe the House or the country would desire to see the commercial banking credit system of the country impaired or menaced by the operations of an emergency system chiefly devised to refund the obligations and finance the business of public-service corporations, railroads, war-supply enterprises, and great concerns that relate themselves to the conduct of the war. This scheme was presented by those who designed it as an emergency measure. This particular provision of the bill—I mean section 13—makes it an emergency measure. The Senate bill, as it came to the House, in a kindred provision practically made the bonds of the War Finance Corporation preferential security for discounts and rediscounts at Federal reserve banks and in the open-market transactions of these banks. The Senate provision practically issued an engraved invitation to the great concerns of the country that are in need of refunding facilities, to come and get priority benefits of the Federal reserve system, largely to the exclusion of current commerce

and industry. That provision of the Senate bill, together with its open-market feature, if enacted into law might and very likely would clutter up the Federal reserve banks with unliquid securities, and to that extent impair, if not exhaust, their ability to minister readily to current commerce and industry.

Those features of the Senate bill would, in my judgment, very greatly endanger our entire commercial banking system, which, in any event, must endure a great strain. I was induced to support this bill because of the very reasonable and sane attitude of the Committee on Ways and Means, reflected in its willingness to make amendments that have largely cured its defects. By no means the least important of these amendments are those especially designed to safeguard the commercial banking system of the United States.

At this writing the War Finance Corporation measure is still in conference, but it a fair assumption that the doors of the Federal reserve banks are not to be thrown wide open for the entry of all kinds of credits.

REDISCOUNTS AND THE FARMERS

During the month of December last, the total amount of paper, maturing after ninety days, discounted by the Federal reserve banks was 5.3 millions out of a total of \$892,237,774. This was less than one-half of 1 per cent. of the total discounts. "Six-month paper, i. e. agricultural and live-stock paper maturing after ninety days," is the way the description reads in the *Federal Reserve Bulletin*, and of this 85 per cent. was in the reserve banks of Minneapolis, Kansas City, Dallas and San Francisco. There was none in the reserve banks at New York, Boston, Cleveland, Atlanta or Chicago.

The farmers have complained constantly that the Federal reserve banks were of little use to them. Apparently the Federal reserve banks have made no efforts or only partially successful efforts to be of use to the farmers. Apparently the country banks which have close relations with the farmers have made little use of the facilities of the reserve banks. It may be that the farmers cannot produce paper which will be eligible and acceptable for rediscount, although this is hardly possible.

The fact seems to be that there has not yet been opened a direct road from the farmer through his local banking institution to the reserve bank. But the reserve banks could easily handle millions of dollars of farmers' paper. If current reports are based on the realities, the farmers can use credit of this kind. There is more than one bill pending in Congress for the organization of some kind of a system which would give the farmer an opportunity to turn his prospective earnings into usable credit. There are numerous bills designed to ease the farmers' position by purchasing seed for them or making them direct loans for this purpose. It seems strange that these things should be suggested when there is open to the farmer, who has the usual resources and a going agricultural business, a means of securing more funds than even his strongest friends have estimated he needs.

A. D. W.

War Basis for Imports and Exports

THE foreign trade of the United States is the object of much discussion and solicitude. With conditions abnormal, trade is not normal and it cannot be until the war is over. Statistics and conventional reports may not be relied on to show the precise degree of activity. Prices are high and trade conditions are customarily shown in terms of dollars. The volume of merchandise entering and leaving the United States is decreasing. There are a variety of reasons for this. Among them are the increasing difficulties of conducting business promptly and satisfactorily with foreign houses owing to scarcity of shipping, high rates for freight and insurance and the increasing home demand for many lines of goods. The foreign exchange situation is filled with uncertainties and the value of American money abroad is constantly fluctuating. Trade is a matter of barter. American concerns cannot sell to foreigners unless they can also buy and import the products of foreign countries.

The regulations and restrictions of the government on import and export business are also having an effect. No work made necessary by war is more interesting or novel than that of the War Trade Board of which Vance C. McCormick, as representative of the Secretary of State, is chairman. The other members of the board are as follows:

Thomas L. Chadbourne, Jr., Representative of the Secretary of State, and Counsellor.

Albert Strauss, Representative of the Secretary of the Treasury.

Alonso E. Taylor, Representative of the Secretary of Agriculture.

Clarence M. Woolley, Representative of the Secretary of Commerce.

Beaver White, Representative of the Food Administration.

Frank C. Munson, Representative of the U. S. Shipping Board.

Edwin F. Gay, Representative of the U. S. Shipping Board.

Lawrence Bennett, Secretary.

Capt. John Foster Dalles, Assistant to Chairman.

Herbert N. Straus, Controller.

Working under the Board is a Contraband Committee, and Bureaus of Exports, Imports, Enemy Trade, War Trade Intelligence, Administration, Transportation, Research, Statistics, etc., and there are branch offices and special agents of the Board in sixteen cities.

Since November 28, 1917, import licenses have been required for many of the basic raw materials and since February 16, a license has been necessary for all imports as well as all exports. The general purpose is to place the full force of the nation's industrial strength behind the offensive against the enemy. A particular purpose is, if there is fear of a shortage of anything, that the supply may be directed to the uses most vital to war requirements.

An equally particular purpose to be served by control of imports and exports is the prevention of trading with firms of pro-enemy character. In this connection one of the statements of the War Trade Board says:

No commerce, of course, exists between the United States and the countries with which we are at war. Unfortunately, however, largely due to the foresightedness of our enemy in long years of preparation, individuals and firms are established throughout the world whose controlling motives are the advancement of German interests. Still more unfortunate is the fact that such agencies have existed in our own land. To stamp out all activities among such agencies, and to safeguard our well-intentioned citizens from dealing with them, we must proceed with the utmost promptness and vigor. The forms of activity of these concerns and the subtle and intricate methods pursued by them are innumerable, but are invariably directed, either by furnishing information, smuggling supplies through the blockade, providing credits, or hoarding for post-war purposes, to giving aid and comfort to the enemy.

To prevent these operations the War Trade Board has adopted regulations which it is administering "with the slightest possible detriment to legitimate business interests." Its statement is an interesting exposition of the business policy made necessary by war.

When it is considered that the transmittal of a few pounds of rubber or copper to Germany may cost the lives of scores of our men at the front, and that each day's supply of wool, or food or money, to the enemy means another day's war with its accompanying toll of lives, the very first thought of hesitancy or weakness is inconceivable. The policy will be "safety first" for our soldiers, regardless of every other consideration. Persons and firms in this country as well as abroad, who before our entrance into the war had little sympathy with the wartime commercial safeguards of the Allies, must be taught that these are now matters of the first importance to this country, and violators of present restrictions need expect no favors, regardless of how important such individuals or firms may be in the business world. The time has come when all must realize that the war is not limited to combating the enemy on the battlefields of France, but must be carried into our everyday transactions of life, and that our business practices must be remolded where necessary to meet existing conditions.

The method of procedure is illustrated by the following regulations:

In the case of proposed shipments to Holland, the prospective importer abroad must first obtain a Netherlands overseas trust import permit. When this is received he will advise the seller in the United States, who will thereupon apply for an export license from the Bureau of Exports, War Trade Board, 1435 K Street, Washington, D. C., using application form X, and giving on his application the number of the N. O. T. import permit. No applications which do not give the N. O. T. permit number can be considered.

In the case of proposed shipments to Sweden, the prospective importer abroad must first make known to the United States Legation at Stockholm his intention to import and advise the seller that he has done so. After he has done this, the American exporter should then apply for an export license from the Bureau of Exports, War Trade Board, 1435 K Street, Washington, D. C., using application form X.

On and after February 20, 1918, British letters of assurance to Sweden and Holland will no longer be issued by the British Government for shipments covered by licenses dated February 20, 1918, or later.

In considering applications for export licenses preference will be given to shipments ordered prior to July

9, 1917, and in making applications shippers should give any particulars of this character which might assist the Board.

As all applications for shipments to Holland and Sweden must be passed on by the Washington office of the War Trade Board, shippers are requested to mail their applications direct to Washington and not to a branch office.

Thus import and export business is placed on a war basis and will so remain during the continuance of the war. It is inevitable that foreign trade, considered as commerce engaged in for profit and not growing out of the war needs of belligerents, will fall off. In the light of these conditions and of the great importance of holding this trade, it is interesting to know that a number of large concerns which have been long in the export field and are well equipped, are making every effort to hold their foreign customers. It is realized that the expenditure of effort and money now is very well worth

while because of the probable large rewards when business becomes normal again. Concerns which have been in the export field only a short time are endeavoring to hold their advantage. It seems the part of wisdom to maintain foreign connections so far as possible. One exporter said:

Although deliveries are difficult and orders often cannot be filled in a manner satisfactory to either seller or buyer, there should be no relaxation of the effort to please foreign customers and retain their good will. Many exporters have considered it wise to continue sending their agents through foreign countries, even though they have a reduced quantity of merchandise to distribute. An explanation of the conditions at first hand will do much to retain and increase future business. Moreover, such a policy helps all American trade as well as the individual exporter. Especially is this desirable because representatives of enemy concerns are everywhere doing their best to undermine American exporters by casting reflections upon American goods and by traducing the methods and fidelity of American traders.

A. D. W.

THE FARMER AND THE LAND BANK

DOVER, MISSOURI, March 21, 1918.

EDITOR, JOURNAL OF AMERICAN BANKERS ASSOCIATION.

SIR—My attention has been especially drawn to the article in your March issue by Gov. Herrick on the Federal land bank. Now it would manifestly be out of place for a little country banker to undertake an exhaustive criticism of Gov. Herrick's criticisms of the land bank plan, but it does seem that one might venture to call attention to one or two points that Gov. Herrick seems to have overlooked.

Let it be understood that I am writing from the standpoint of the farmer, for I do not think the interests of the country banker and the farmer can be divided.

This section of the country is one that has been especially favored in the matter of farm loans, for the reason that the security is of the very best. Farm loans have ruled from 5 per cent. to 6 per cent. for some years, the rate varying with the particular circumstances of each loan. But there is always the commission for placing the loan, and five years is the almost universal limit of time, and then comes the demand for a renewal commission. This is one feature that has caused dissatisfaction, and rightfully so I think.

But the great trouble is this: Under our tax laws, as at present in force and administered, farm paper is

taxable, and there is no rebate to the farmer of any allowance for the mortgage on his farm. This results in double taxation. For example, a farmer owning a farm valued at \$10,000, with a mortgage of \$5,000 on it, is supposed to pay on the full valuation of the farm. The holder of the mortgage is taxed (unless he dodges the tax) on the \$5,000 mortgage, but he does not forget to pass the tax along to the farmer in the form of increased interest rates, whether he pays the tax or dodges it. Thus the farmer is really paying taxes on \$15,000 on his \$10,000 farm. So far the Federal land bank is the only means of which I am aware by which the farmer can legally avoid the double taxation.

As to the Federal land banks issuing twenty year bonds based on 36, or 34½ loans, as in this district, does Gov. Herrick really think any large part of these loans will run the full time? I do not. And if they do, refunding bonds are a feature of large financial operations with which Gov. Herrick is doubtless perfectly familiar.

Another very valuable result I expect to see come from the farm loan proposition is the clearing up of the very vital distinction between commercial banking and investment banking, which is yet far from being as clear as it should be to many bankers.

W. B. SYDNOR,

Cashier, State Bank of Dover.

SECRETARY RUFFIN LEAVES INSURANCE COMMITTEE

B. A. Ruffin of Richmond, Va., who has been secretary of the Insurance Committee of the American Bankers Association since October, 1913, has tendered his resignation, effective May 1, 1918. Mr. Ruffin will become metropolitan manager for the General Accident Fire and Life Assurance Corporation, Ltd., with offices at 100 William street, New York.

Mr. Ruffin has been instrumental in securing a great many concessions and adjustments from the insurance companies on matters connected with bank burglary and fidelity policies and has made a large number of friends among members of the American Bankers Association, all of whom no doubt will wish him well in his new undertaking.

The "Public Dereliction" of Preventable Fire as Related to War Efficiency

America's Annual "Fire-Tax" Would Pay the Interest on \$6,000,000,000 of Bonds — What Happens to War Production When a Single Factory Is Burned Down.

A BULLETIN recently issued by the American Exchange National Bank calls attention to the necessity for banks taking immediate thought of the ominous increase in American fire losses. The bulletin states that "fire losses on business properties were so heavy last year that banks must insist on full coverage in all cases," and it proceeds to quote some statistical data prepared by the National Board of Fire Underwriters, as to the nature of fire causes and their relation to our present war situation.

The whole subject of American fire losses is, indeed, one to which bankers in general have given far too little attention. They have generally scrutinized the amount of fire insurance when appraising credits, but, having assured themselves of the protection, have felt that their duty as bankers was done in each individual case.

It is proper to inquire, however, whether the time may not now have come, when, instead of resting content with this individual consideration, the banking profession as a whole should take a larger view of fire waste as one of the great economic factors of American commerce and industry, and should associate with the consideration of insurance, the questions of protection and prevention, as well.

From this broad viewpoint, it becomes possible to generalize in a very instructive way. American fire loss has been stated in round figures to approximate \$240,000,000 per year. Taking an average since 1905, the figure is \$235,409,216. There are five facts about this figure that call for special attention: First, it is annual; second, it is the cause of indirect additional expense; third, it hampers the nation's efficiency in peace, and its effectiveness in war; fourth, it involves potential conflagration hazard; and fifth, it is largely preventable. Taking up these points in their order, each one has a serious interest for bankers.

1. The Annual Fire Loss

At the outset, we are struck by the monotonous regularity of these tremendous figures. Here are some of them:

1906—	\$518,611,800
1907—	215,084,709
1908—	217,885,850
1909—	188,705,150
1910—	214,003,300
1911—	217,004,575
1912—	206,438,900
1913—	203,763,550
1914—	221,439,350
1915—	172,033,200
1916—	214,530,995

Fire waste is, therefore, a study in interest, rather than principal. It could only be balanced by the income

from a tremendous sum. Translated into terms of Liberty bonds, for example, \$240,000,000 per year would pay 4 per cent. interest upon \$6,000,000,000 worth of bonds, or far more than the entire amount marketed up to date. Therefore, if fire waste could be suddenly eliminated, this enormous interest charge might be met from the savings thus effected.

Per contra, the nation has been, in effect, for many years, paying the interest charge upon an investment in carelessness, waste and inefficiency, of about two-thirds of the total face value of all the common and preferred stock for all the railroads in the United States, in the year ending June 30, 1915. This is hardly to be classed as sound finance.

2. The Indirect Fire Cost

The figures already quoted are those of direct destruction—the difference in value between the property which existed prior to the fire, and the ashes which remain. To these, however, should be added a huge sum each year, although one difficult to calculate, of the other costs which are the necessary outgrowth of our fire waste. These include the total cost of all of the fire departments of the country, the interruption of production and trade, the operating expense of the fire insurance business, and the economic equivalent of the destruction of some thousands of lives each year.

It is difficult to appraise this sum accurately, but the United States Geological Survey, in 1907, issued a report that the total American "fire-tax" for the year was greater than the combined value of the nation's production of gold, silver, copper and petroleum in the same year. It also stated that this "fire-tax" was greater than the entire value of the real property and improvements in any one of the following states: Maine, West Virginia, North Carolina, North Dakota, South Dakota, Alabama, Louisiana, or Montana, and expressed the opinion that proper fire prevention measures would make it possible to save nearly enough to build a Panama Canal each year.

3. The Drain Upon Efficiency

It is a truism to say that the American nation has been living wastefully; that it has been robbing its soil, robbing its forests, and generally wasting its substance in riotous living. Now, when we are called upon suddenly to match forces and resources with a nation that long has practiced the highest degree of scientific conservation, we are beginning to realize the necessity for stopping leaks. In an effort to reform our habits and inculcate thrift, attention has been called to the sin of maintaining opulent garbage pails, while millions of human beings are close to starvation, and the disloyalty of keeping undiminished our customary wasteful scale of expenditure.

But too little attention has been given to the two-fold handicap associated with the ash pile: the destruction of values which should form a part of the nation's active assets and the retirement of necessary facilities whose replacement is a matter of long time and great expense. To visualize this, imagine a factory engaged upon urgently needed war supplies. It has been brought to a point of

high speed production involving large buildings, elaborate equipment, the employment and special training of hundreds of skilled workmen, and the organization of its entire business system. That factory is more effectively engaged in fighting the war than if its workmen were upon the Lorraine front with rifles in their hands, since its machinery and its buildings are engaged, as well as its men, and then—it is destroyed in a single night by flames.

During the entire process of its rebuilding and re-equipment, time is lost, money is lost, and there is an appalling amount of waste motion, due to the necessity for reorganizing a force of workmen to replace those who have sought other employment, and for re-establishing lines of supply.

Furthermore, the erection of the new buildings requires artisans who are greatly needed in more direct production, and the replacement of machinery draws upon manufacturing facilities that might be making equipment for the front. Or, take another picture—one of a huge grain elevator: In one fairly typical case, there was stored the product of 38,000 acres of grain fields, with all that this implies as to months of labor for an army of farm hands, as to repeated handling and transportation, as to financing, and as to potential food for scores of thousands of people. This particular elevator was destroyed by fire, and all of these values were immediately nullified. It was but one out of many.

And so one might go on with countless other instances, including forest fires, fires in commercial establishments, and even fires in homes. The Actuarial Bureau of the National Board of Fire Underwriters records an average of about 1,500 fires per day in the United States, or slightly more than one per minute. An examination of any one of them would reveal an instance of lost motion, waste and resultant inefficiency. In the aggregate, they tend to slow up the national machine to an amazing degree. This is bad enough under ordinary circumstances, but under such war-time conditions as at present, the effect is disastrous.

4. The Possibilities of Conflagration

From time to time, the nation is shocked with the news that a great conflagration is sweeping over some city. There have been many such. Generally, the loss is measured in hundreds of buildings and millions of dollars. In San Francisco, the great fire destroyed 25,000 buildings and reached the fearful total of \$350,000,000 of loss. Under certain conditions, any fire may be the beginning of a conflagration, and the narrow margin by which even greater conflagrations than that of San Francisco have been avoided is startling to those who have been in a position to know.

New York City, in spite of its highly efficient fire department, has, more than once, been a subject of great anxiety. For example, in November, 1891, at the end of a severe drought, there was only forty-eight hours supply of water available for the entire city. A big fire, accompanied by a high wind, occurring at this juncture, might have caused a disaster far worse than that of San Francisco. The accompanying loss and necessity for readjustment would have severely affected the financial system of the nation.

So recently as January of this year, New York city passed through another crucial period, when the extraordinary cold weather accompanied by a shortage of coal,

so paralyzed the sprinkler protection in numbers of large buildings usually regarded as "fire-stops" that a great conflagration was considered an imminent possibility.

Similar conditions of those in New York are to be found in most other American communities. The report of the United States Geological Survey, already referred to, contains these words:

The danger of conflagration is present in every city and village of the United States, and with it the possibility of large loss of life. The most efficient fire department in the country is powerless when once a fire gets under considerable headway in a locality where bad construction prevails.

Bankers, who know from experience what it costs to finance the recuperation from a great conflagration, will hardly need to be reminded that this latent and widespread danger is one to which they should give serious thought.

5. The Preventability of Fire

Here are two recent signed statements of special significance. The first is from President Wilson, who says:

Preventable fire is more than a private misfortune. It is a public dereliction. At a time like this of emergency and of manifest necessity for the conservation of national resources, it is more than ever a matter of deep and pressing consequence that every means should be taken to prevent this evil.

Food Administrator Hoover has this to say upon the subject of grain:

It is imperative that grain in storage shall not be destroyed. I wish to urge upon all shippers and handlers of grain the necessity for ceaseless vigilance against fire.

The degree to which fire waste is preventable was made strikingly apparent in an analysis published by the Actuarial Bureau of the National Board of Fire Underwriters, in which more than 97 per cent. of all American fires were scrutinized, and the conclusion reached that 28.9 per cent. were strictly preventable, 47.8 per cent. were partly preventable, and the residue, or 23.3 per cent., were from unknown causes, which probably were largely preventable.

A comparison of American fire losses with those in European countries before the war, furnishes an interesting side light. Thus, in 1913, the per capita figure was \$.49 for France, \$.33 for England, \$.28 for Germany, \$.25 for Italy and for Austria, and only \$.11 for Holland. In other words, through superior habits of carefulness, and the practice of precautionary measures, these nations sustained a proportionate fire damage of from five to fifteen per cent. of that in the United States. Similar measures would accomplish the same results in America, and our excess must, therefore, be considered as preventable—hence, as public dereliction.

Giving these conclusions a practical application, it hardly requires argument to prove that if the United States were suddenly to discover some new and unsuspected source of wealth, to the extent of four or five hundred million dollars per year, the vast stimulus would be felt in every department of business; in time of war, it might easily mean the difference between victory and defeat. Since the elimination of the aggregate "fire-tax," were that possible, would be equivalent to the discovery of such a resource, it can be seen that the banking profession, as a whole, has abundant reason to give this subject its earnest consideration.

Classification of Rediscounting Operations of the Federal Reserve Banks

Increasing Tendency by Member Banks to Discount Paper Having the Shortest Maturity—Large Proportion of Obligations Secured by Liberty Bonds or United States Certificates of Indebtedness—Growing Importance of the Discount Rate

BY GEORGE LEWIS

TO say that the Federal Reserve Act is working out in some of its features precisely in accordance with the commonly accepted principles of banking and economics is to state at once a fact and a tendency. The fact does not admit of argument; the tendency may, but it is such a perfectly natural tendency that perhaps after an examination it will be received with tolerance, if not with enthusiasm.

The particular features to which allusion is made are in connection with the discounting operations of the Federal reserve banks. On analysis of the statistics supplied by the *Federal Reserve Bulletin*, it appears to be established that rediscounting has definitely thrown off the old stigma which persisted even for some time after the enactment of the Federal Reserve Act and has become a recognized banking practice entitled to all the rights, privileges, immunities and honors thereunto belonging. And in the course of this recasting of banking ideas there has developed a tendency for the banks to offer for rediscount their paper of shortest maturity—which is exactly what British banks have been accustomed to doing in their discounting operations with the Bank of England.

Only a few months ago George M. Reynolds told American bankers in convention assembled that they must get over the notion that rediscounting was something to be ashamed of. Now it is a fact that before the Federal reserve system came into being the greatest proportion of rediscounting was done by southern and southwestern banks, as the most casual study of national bank statements disclosed. This was a condition that resulted naturally from scarcity of funds, especially at the crop-moving season, when rediscounting and the borrowing of money were necessary if the banks were to serve their communities properly. The extent to which this condition continued after the reserve system became operative is shown in the following short extract from the *Federal Reserve Bulletin* for February, 1917:

"—Of the total amount of paper discounted during the month (December, 1916) more than 70 per cent. represents the share of the three eastern banks, as against over 60 per cent. for November, 1916, and less than 3 per cent. for December the year before. Discount operations of the three southern banks, which reported over 62 per cent. of the December, 1915, total, were about 10 per cent. of the total reported for the month under discussion." And again witness the *Federal Reserve Bulletin* for February, 1918, as an exhibit of new times, new manners: "Customers' paper rediscounted with the Federal reserve banks during January (1918) totaled 332.7 millions, the

Richmond and New York banks reporting over one-half of this class of paper. Over 70 per cent. of all paper discounted during the month is shown for the New York, Chicago and Richmond banks."

It will be observed that the share of the eastern banks in discounting operations has risen in two years from only 3 per cent. to over 70 per cent., while that of the southern banks has dropped inversely. In other words, the offensive in rediscounting has definitely passed out of the hands of the southern banks and instead of being merely the manifestation of a seasonal emergency, rediscounting has become established as one of the regular channels through which the Federal reserve banks function in providing eligible paper as a basis of note issues. In December, 1916, out of 7,627 member banks, only 314, or slightly over 4 per cent., availed themselves of their rediscount privileges; while in January, 1918, out of a membership of 7,978, the number of members discounting was 1,432, or about 20 per cent. New York and Chicago, with 299 and 208 member banks accommodated during the month, lead all the other Federal reserve districts.

The increasing tendency toward the rediscount of paper having the shortest maturity is shown by further analysis of the figures presented in the *Federal Reserve Bulletin*. In December, 1916, over 36 per cent. of the bills discounted was paper maturing within ten days from the date of discount with the Federal reserve banks, 54 per cent. was thirty-day paper, and 4.3 per cent. was sixty-day paper; the ninety-day paper was represented by 4.7 per cent. By January, 1918, the tendency had become more strongly accentuated. "About 85 per cent. of the month's discounts was made up of fifteen-day paper, this percentage running as high as 90 per cent. in the case of the Chicago bank. Six-month paper discounted during the month, i. e., agricultural and livestock paper maturing after ninety days, totaled 5.3 millions, of which over 85 per cent. was handled by the Federal reserve banks at Minneapolis, Kansas City, Dallas and San Francisco." A still closer view of the proportion of short time paper in rediscounts with the reserve banks is given in a table showing "amount of bills discounted and acceptances and warrants bought by each Federal reserve bank during January, 1918, distributed by maturities." Disregarding the detailed figures of the twelve reserve banks, a recapitulation of the table would show the following:

Maturities	Per Cent.
15-day	74.3
30-day	3.8
60-day	7.3
90-day	13.7
over 90-day	0.9

Of the total of discounts, acceptances and warrants, 85.9 per cent. comprised discounts, 14.9 acceptances, and 0.1 warrants.

There does not appear to be any particular mystery attached to the preponderance of short maturities in the paper offered for rediscount with the reserve banks. It is a perfectly natural proceeding for the discounting mem-

ber banks to pledge those bills on which they will have to pay the least interest. The economic point involved is that if Federal reserve notes are issued against the paper so pledged, it is quite correct for the paper to be liquidated at the earliest possible moment, thus automatically reducing the circulating notes of the reserve banks. If instead of taking out notes the member bank established a reserve deposit credit with the reserve bank on the basis of this paper, the same result would be attained in principle. The essential thing is to maintain liquidity of the paper involved together with flexibility of note issues. Fortunately in this case theory coincides with self-interest, so that the principle is being cared for automatically.

Right here there looms up the complication produced by the government's war financing. Notes and obligations secured by government bonds are specifically stated by law to be eligible for rediscount in the same manner as notes secured by commercial paper. The senate has passed the Owen bill (S. 4099) providing that national banks may discount notes secured by Liberty bonds or certificates of indebtedness up to 50 per cent. of their capital and surplus. The amount of such bond-secured paper which the Federal reserve banks may rediscount is unlimited; and while the intent of the Federal Reserve Act was to provide an elastic currency based on paper arising out of actual commercial transactions and not on fixed term obligations, any argument as to whether the reserve banks could or should continue to rediscount notes secured by government obligations is inadmissible, for the reason that financing the war is a primary duty. At the same time, it is obvious that as further issues of government war bonds continue and are used more and more to provide collateral for notes, the reserve banks would theoretically, at some time or other, reach a point where they would have rediscounts secured almost entirely by government bonds, to the exclusion of paper based on commercial transactions.

Such a contingency is not so far-fetched as might seem at first glance. In January, 1917, the total of bills discounted by the twelve Federal reserve banks amounted to \$18,326,286, of which trade acceptances represented \$574,464, member banks' collateral notes \$9,517,329, and other discounts \$8,234,493. For the month of January, 1918, bills discounted totaled \$868,421,473, of which trade acceptances constituted \$13,461,978, customers' paper secured by Liberty bonds or United States certificates of indebtedness \$40,366,235, member banks' collateral notes \$481,942,377, and all other discounts, including bankers' acceptances and discounts of non-member banks' paper, \$332,650,883. Of the member banks' collateral notes, \$351,664,131 were secured by Liberty bonds or United States certificates of indebtedness, so that these obligations added to the customers' paper secured in a like manner aggregated \$392,030,366—almost 50 per cent. of the total amount of discounts for the month. It is, of course, true that the total of such obligations is constantly being reduced as the bonds themselves are "digested" and taken up by the ultimate investor, but with additional war loans following each other at intervals the process of digestion is bound to be outstripped by the volume of

new obligations, so that the net total will be rising constantly.

How far this process can be carried before the point of saturation is reached, is a question which perhaps is largely academic at the present time, but which conceivably may become a real condition if the war is protracted. If the ultimate of the country's financial strength is contained in the Federal reserve system, then in the absence of new wealth created by production and habits of thrift, the proportion of gold on which our system is based is bound to be reduced correspondingly with all that that implies in its effect on prices and on ability to absorb further bond issues.

Fortunately, however, the Federal reserve banks still have a long way to go before they leave the path of circulating notes secured by a fixed gold reserve. According to the *Federal Reserve Bulletin*, on February 21, 1918, the excess reserves, or the "free gold" of the Federal reserve banks amounted to \$794,772,000. On the basis of 40 per cent. required reserve against Federal reserve notes and 35 per cent. required reserve against deposits, this amount will support additional reserve note issues of \$1,986,930,000 or additional deposits of \$2,270,777,000. And let us not forget that the Federal Reserve Board is authorized to suspend "any reserve requirements" specified in the Act.

There is another important feature of the reserve banks' operations which must not be lost sight of, and that is the discount rate. At the outset of the reserve banks' career they functioned to a large extent as money making institutions, and the discount rates meant little, if anything, as a brake on the money market. If present conditions continue, however, the reserve banks will of necessity find it desirable to check rediscounting and this will be done by raising the discount rate. In other words, the discount rate will begin to mean something, and for the first time in its financial history this country will have a check on borrowing operations such as England has had in the Bank of England rate. Even today the reserve bank rates are watched carefully by those who are studying the money market; for if there are any two things that should show how the banking pulse of the country is beating, they are the discount rates of the reserve banks and their gold reserves.

The sum and substance of the Federal reserve bank discounting operations seems to be, therefore, that under normal conditions the reserve system would have operated to justify the hopes and intent of its framers in its correlation with commercial banking, but that under highly abnormal war conditions it is functioning in a different direction—a direction which, nevertheless, is extremely necessary and important. The reserve system in its present state may be compared to the New York subway, which originally was designed and built to carry a traffic of 400,000 people a day, but now carries 1,300,000 a day. The Federal reserve system was designed "to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes." It is doing all that, but in actual practice it has gone far beyond its original intent and has become in fact the financial mainstay of the United States in the most critical period of the world's history.

Forgery Not a Paying Proposition

BY WILLIAM E. HINGSTON
Examiner of Documents, Boston, Mass.

I HOLD no brief for the man tagged as "The Hand-writing Expert," who has so often furnished a target for the shafts of wit, wisdom and sarcasm of press and public.

In the first place, I doubt if any man could qualify literally as such in a court of law, unless of course we consider those who, by practice of chirography or inherited adaptation, have developed such control of the pen as to place their particular work upon the level reached by the old masters of the brush and canvas. These men are the only real handwriting experts, and the term is a misnomer when applied to the relatively few men whose profession is the examination of disputed documents, signatures and writing.

It is from the latter point of view that this article is written. Its purpose is simply to call such consideration as may be merited to a few fallacies observed by one whose sole avocation is that of pitting, with more or less indifferent success, his own gray matter against the machinations of the crook in business circles.

As consulting expert for one of the largest divisions of the U. S. Post Office Department, sundry banking institutions, and Department of Justice, there naturally comes under my observation all the various phases of anonymous letters. Among these are black hand letters and otherwise objectionable writing, combined with the frequent cases of forgery of money order receipts and other commercial paper. The detection in such cases is so certain in the long run that, unlike practice in gunnery, it is not "the hits" but "the misses" that are noted.

If any young man about to chose a vocation in life were to be shown by infallible statistics that the business he had under consideration had less than one chance in a million for success, and that failure and ruin were inevitable, that man would naturally about face and go on another track.

This applies to forgery in all its phases. It has been truly stated that the percentage of success in forgery cannot be figured because there is no basis upon which to start. In other words, no man ever forged another's name so skillfully as to baffle detection under intelligent examination. For all that, however, banks all over the land are daily and hourly victims of check raisers and forgers, despite every conceivable precaution.

Is that because of the skill of the forger as master of the pen? By no means. It is entirely because tellers of a busy bank are, in the few hours allotted to them, constantly facing a waiting line of applicants. They pass in checks upon which the bank's good money is paid. The signature is no more than a sign to identify the maker and the balance to his credit. The teller's thought is not upon the signature as such, but rather upon the balance to the credit of the maker. In other words, the teller cashes the check upon the face of the man presenting it, rather than upon the signature in the lower right hand corner. It is as much as he has time to do any way. This can be proved by any man who does an active business with his bank, and who is known personally to the tellers. He can leave out an initial, misspell

his name, distort his signature, and then pass in the check, and the teller will cash it just the same as if the signature were normal. This shows that the teller does not examine one signature in a thousand, as such. If he does not know the man presenting the check, he requires an identification, not of the signature, but of the man.

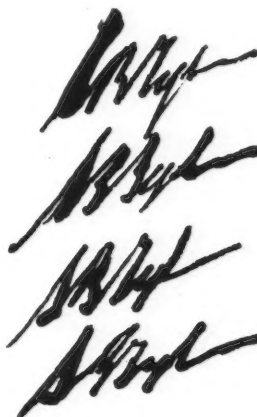
Protect the Small Checks

Another fallacy is that of the elaborate systems of protecting checks from being raised. More than 99 per cent. of the checks that are raised were signed for original amounts of less than \$5.00. This is because all checks for substantial amounts insure themselves against raising. The explanation is simple. The business of check raising is practically monopolized by petty crooks, who are wise enough to realize the danger in overdrawing an unknown account. Therefore the \$1 or \$3 check is rarely raised to exceed about \$100. Another reason is that petty crooks, as a rule, do not get hold of a check of a substantial amount. If they did, they are too wise to attempt any manipulation, especially if they came into its possession honestly.

There have been, it is true, notable occasions where amounts running into the thousands have been obtained by this kind of manipulation. In practically every such instance, however, it was a case of one bank cashing another bank's paper. I have personally investigated many cases of raised checks, and have in recent years seen only one where the original amount was over \$100. That was involved in a stock speculation, however, and therefore out of the usual run of this sort of work.

The following will serve as an illustration of the procedure in the common or garden variety of check raising in these days.

Down in the North End of Boston, about a year ago, an affable, slick-appearing Hebrew, representing himself as a salesman for a well-known New York supply house, victimized a number of small merchants of his own race by means of a clever scheme. In the early evening, when business was slack, he would enter a store and make a pur-



THREE OF THE ABOVE ARE FORGERIES
Even the Maker Cannot Decide Which is the Original

TWO ARE FORGERIES—WHICH?

chase of a few collar-buttons or some other haberdashery, generally amounting to 60 cents or less. He would engage the proprietor in a business chat sufficiently to satisfy his hearers that he was from New York and knew personally about every wholesaler whose goods a glance around the shop told him the merchant dealt in. He would tender a \$2 bill and receive his change, \$1.40 or so, and then suddenly remember that he had intended to buy a Post Office money order for that amount but had forgotten it before. He knew of course it would be worse than foolish to put the cash in a letter. Would not the merchant just give him his check payable to cash for \$1.40? Well, what could be safer? Had not the merchant the cash in hand? In fact the little dealer felt a certain sense of pride in the apparent confidence of the prosperous looking gentleman from New York in exchanging his cash for the check.

When the merchant's envelope came back from his bank at the end of the month, his balance was \$95.00 short, and on examination proved that his \$1.40 check now read \$96.40. Two banks and the Bureau of Criminal Investigation turned over for my examination no less than six other checks that were brought in within two days from the merchants in the North End. These had been given to a slick, fine-appearing stranger who had received change of a \$2 dollar bill for a small purchase.

That man is probably working the same scheme in different sections of the country as this article is being written. He was last heard from in Chicago.

It is amusing to see a check with "not over five thousand" or "not to exceed fifteen hundred and seventy-five dollars," etc., stamped out by a modern protective device and to imagine that the maker thought that all that protection was necessary. As a matter of fact, if any stranger got hold of a check or order on a bank for so large an amount, his one thought would be to get the cash on just that amount if he could, let alone juggling with it.

Any man on the bank squad in the Bureau of Criminal Investigation who has had experience with check raisers will tell you to protect your small checks, for the large ones will insure themselves.

The Freak Signature

The freak signature is about the silliest fallacy conceivable for a man who is custodian of other people's money, and who thinks that an indecipherable scrawl at the business end of a piece of commercial paper is a protection against forgery.

I have made a study of freak signatures and am probably familiar with more different kinds than the general run of banker or laymen. I have no hesitancy in saying that the more illegible a signature is, the easier it is to imitate it sufficiently well to pass at least any teller or baffle an expert. On the other hand I have never seen a plain, normally written signature with every letter legible that could be so forged as to defy detection.

I ask any bank official who yields to the conceit of substituting a combination of illegible scrawls for a normally written signature and imagines it is any protection against fraud, if he would dare to follow the same rule throughout the whole paper that he does in making these scrawls which have changed it from a fraction of a cent in value to anywhere from \$1,000 to \$100,000 worth of the bank's money. Of course he would not, because a draft for \$100 might then be deciphered as \$10,000 just as easily as deciphering this man's signature. Is it not a fallacy, therefore, to be so careful about making the body of the paper (the payee, amount, etc.) so legible that "he who runs can read," and yet make that paper an obligation of the bank by a few hen-scratches that any schoolboy could imitate.

HOT SPRINGS MEETING POSTPONED TO MAY 9

Owing to the prospect that the third Liberty Loan campaign would commence on April 6, so that the third and most important week of the drive would fall at the same time as the proposed spring meeting of the Executive Council of the American Bankers Association, the question was raised last month as to the desirability of abandoning the meeting as originally planned and either

holding it at some later date or substituting a short business session at some central point. The Hot Springs gathering was to have taken place April 22, 23 and 24. A referendum has been taken among the members of the Executive Council, and as a result it has been decided to hold the meeting at Hot Springs on Thursday, Friday and Saturday, May 9, 10 and 11.

Silver: A New Monetary and Trade Problem

BY HOMER JOSEPH DODGE

Editor, Bankers' Information Service.

WHEN William Jennings Bryan was last defeated for the Presidency all the signs gave evidence that the vexed questions relating to silver money were laid away for an indefinite period. With its extraordinary capacity for conjuring up new perplexities and reviving old ones, the European war has now injected itself into the mouldering silver question with the result that silver and silver money today constitute a live problem.

Unless plans go awry, Senator Key Pittman of Nevada has by this time introduced in the Senate a bill authorizing the Secretary of the Treasury to sell the silver metal, coin, and bullion, which now secures the large volume of silver certificates in circulation. This legislation, if enacted, will result in the retirement of the silver certificates which now form an extensive part of the American legal tender. The plan now scheduled calls for the issuance in the place of these certificates, a volume substantially equal, of Federal reserve notes.

These maneuvers are to be accompanied by the fixing of a price of \$1 per fine ounce by the President as the price at which the government shall sell its silver holdings and as the price at which the government may buy from producers and smelters.

One silver dollar contains approximately one fine ounce of silver. With the price officially set at \$1 per fine ounce, the crime of '73 is purged of its horror and a practical bi-metallism is regnant in the place of the gold standard, or at least along with it. All the more so because, it is understood, under the general plan the government proposes to buy all the silver offered at its face value.

The cause for this amazing development in American finance is that silver, like other commodities, has been increasing in price by leaps and bounds. Further, there has arisen a scarcity of silver abroad, presumably to a large extent because the people of the belligerent countries have sequestered and secreted in hedges such silver coin as they have been able to lay hands on.

Silver operators in this country say that the price of silver has risen chiefly because of the increased cost of production. They claim that a price of \$1 per fine ounce for silver is no more than a fair price for their product, viewed from a purely industrial, aside from a monetary and economic, standpoint.

At about the time of the outbreak of the European war in 1914 the Treasury, through the Mint, made purchases of silver for coinage needs for approximately fifty cents per fine ounce. Many large purchases were made at less than that price. As the war progressed, the price of silver rose, acceleratingly during the last year. Last fall there were sales at as high as \$1.25 per fine ounce. The London price now is about eighty-seven cents and the New York price about ninety-two cents.

The United States and the Scandinavian countries now have so much gold that the rest of the world is having great difficulty in finding enough to carry on its business. In these days of submarines, bankers and other

owners of gold hesitate to make large gold shipments overseas. Hence foreign exchange and general overseas trade have been disturbed by the metal situation.

As an instance of the lack of metal, Mexico recently offered to purchase \$6,000,000 worth of gold in the United States paying for it with silver at par.

Europe never has had very much silver. The annual world production of silver is generally around 160,000,000 fine ounces of which the United States produces about half. Last year, this country produced 74,000,000 fine ounces of silver, less than in the previous year.

It is represented that the world-wide prosperity of the working classes, due to the higher wages paid labor in the great war industries, has brought about an increased demand for silver coin and that this has been a factor in the situation.

Whatever the various contributing causes, the United States now desires more silver than it can readily find and has proposed the measure under discussion to bring about the release for merchandising purposes of the extensive store of white metal in the Treasury and in the pockets of the American people.

There are now approximately \$490,000,000 in silver coin in the United States, to which may be added some \$12,000,000 of silver bullion in the hands of the mints. While some of this coin is in actual circulation there are about \$250,000,000 in silver certificates of denominations ranging from \$10 upward in use. There are silver certificates in denominations of \$1, \$2 and \$5 taking care of the remainder of the total. This paper money is scarcely sufficient to meet the extremely brisk demands of trade, and under the existing statute the actual silver must be held behind these certificates to give them what has heretofore been believed a necessary stability. What the Pittman bill is designed to bring about is some sort of *legerdemain* by which the American people may have as much of this paper money, or more, as they now have, and yet leave the Treasury free to dispose of the silver security.

The Federal Reserve Board is frankly opposed to any plan by which Federal reserve notes of small denomination shall be put into circulation to take the place of the silver certificates. Its members believe that, generally speaking, a metal-secured currency is vastly preferable to any other kind, and feel further that the Federal reserve note is not well adapted to subdivision into small currency denominations.

It was proposed some months ago to arrange for the issue of Federal reserve bank notes to take the place of the silver certificates if they are retired, but this plan did not mature at all. Some members of the Federal Reserve Board do feel that it might be feasible to split up national bank notes into small denominations and let them flow into the void created by retiring silver certificates, while at the same time replacing the higher denomination nationals with Federal reserve notes. However, even this plan does not do away with the objections against a bond-secured currency as opposed to a metal-secured currency.

The issue is very much in flux, and while the Treasury people, engineering the legislation to release the silver, are very certain of their plans, the Federal Reserve Board

is not at all certain that it desires to see its notes used in this manner to release the silver. Of course, the Board realizes the need for improving foreign exchange conditions; in fact it was through the Federal reserve system that a large volume of rupee exchange recently has been successfully negotiated. It is admitted, however, that there can be no hasty action on the question of suddenly expanding the volume of Federal reserve currency to fill a void left by silver certificates.

India, Japan and China are all much interested in the negotiations, as well as England and other nations, and it is believed that Spain would take some of the silver if it were freed. England has made a definite offer to buy many hundred millions worth of silver; in fact it is understood that England was about to buy silver in the open market here when the United States Treasury stepped in and secured a postponement of the deal, pending fixing the price.

It is the contention of the silver operators and of the Treasury officials backing the plan that to fix a price of \$1 per fine ounce on silver would give the producers just enough fair profit to encourage increased production. In the mining of silver, considerable gold and other metals are brought up as by-products. To encourage silver mining therefore would result in the production of more gold and other valuable metals which are much needed in this country. It is expected that if the \$1 price is set, as the Treasury now definitely plans, many old mines and mine-dumps will be worked, adding largely to the year's silver output.

In the old days of Virginia City and the many other great western mining enterprises, silver and gold were mined so feverishly that ore of relatively poor quality was cast on the dumps. In these dumps there is a large

quantity of metal which can profitably be recovered if the price is definitely fixed at \$1 and held there for awhile, according to some of the operators. Old, abandoned mines also can be worked and new ones can be opened up, thus relieving the silver stringency by increased production.

It is known now that when the silver bill comes up in Congress, there will be a great deal of old fashioned silver discussion in which bi-metallism, demonetization and various crimes and expedients will be mentioned. Certain western silver members are primed to say a great deal on the subject and there is every indication that persons who recall 1873 very vividly will call to mind many an old story with little effort of memory.

Senator Shafroth last winter offered a resolution providing that whereas the question of silver has come to the surface again, the United States should send a commission to Europe and perhaps other continents to study the question of bi-metallism and kindred monetary topics. This resolution has not been adopted and no commissioners therefore have been named.

Throughout the negotiations so far, the Treasury has maintained the position that the price fixing and merchandising of silver in no sense constitute a monetary question. That branch of the government has consistently maintained that the negotiations are wholly industrial and commercial in nature and must not be confused with currency matters.

Certain members of Congress and perhaps others at Washington and elsewhere have been unable to divorce the present industrial and the erstwhile monetary aspects of silver and, as a consequence of this lack of singleness of opinion there is likely to be considerable discussion.

LET THE STATE BANKS COME IN

EDITOR, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION.

SIR—In the March issue of the JOURNAL I read an article about the state banks and the farmers. In that article it is stated that "the smaller state banks have not seen their way clear to enter the Federal reserve system nor is it probable that the system would be strengthened if they did."

The question today is not one of strengthening the Federal reserve system, for the success of this system, as the article sets forth, "has far surpassed the hopes of its most sanguine friends."

The vital point is that we are now at war and the present international situation requires that all banking institutions, large and small, stand behind the Federal reserve system. President Wilson has already said: "It is manifestly imperative that there be a complete mobilization of the banking resources of the United States."

To remain outside the system, whether opposing it or not, is to lessen the effectiveness of the very best finan-

cial organization that has yet been devised to consolidate and unify the financial strength of the country.

Many fair-minded, intelligent bankers conceded long ago that the Federal reserve system prevented a financial convulsion, at least, in this country in 1914. The Federal Reserve Act has been so amended as to remove practically every serious objection that has been raised. The question of exchange charges is an important one, particularly to the small bank, but if we don't win this war, it will make no difference whether our revenue from exchange charges was \$100 a month or \$100 a year. In a crisis like the present, there should be no thought of division. We are financing the great war, and every dollar of our money, every ounce of our strength, together with all our resources should be behind the government.

I suggest that the Chicago convention can do no more effective work than to feature the importance of state banks joining the Federal reserve system.

HUGH ROBINSON.

CONFERENCE ON TRADE ACCEPTANCES

The Chamber of Commerce of Philadelphia entertained the members of the American Trade Acceptance Council at the rooms of the Chamber, March 15. Public and executive sessions of the Council were held, the principal gathering being at luncheon as guests of the Philadelphia Chamber. Present from New York were:

Lewis E. Pierson, chairman Irving National Bank; W. F. H. Koelsch, Bank of the United States; Fred E. Farnsworth, General Secretary American Bankers Association; Beverly D. Harris, vice-president National City Bank; W. H. Nones, Norma Company of America; S. Pepper, assistant secretary National Association of Manufacturers; George O'Reilly, Irving National Bank, New York; William W. Orr, assistant secretary National Association of Credit Men. Others present were: F. H. Randel, Autocar Sales & Service Company, Philadelphia; Kenneth R. Hooker, Putman-Hooker Company, Cincinnati; Stanley G. Flag, Jr., Stanley G. Flag Company; J. F. McCarthy, Kirby Lumber Company, Houston; E. W. DuPuis, vice-president Second National Bank, Cincinnati; Dr. J. F. Holdsworth, University of Pittsburgh.

Open discussions upon various phases of the trade acceptance followed by Messrs. Hooker, Harris, DuPuis, Holdsworth and Nones. A number of business men and bankers of Philadelphia cited their experiences in securing acceptances and outlined the sort of educational work they had found necessary to secure the co-operation of customers. The testimony of the members who had definitely adopted the acceptance was to the effect that customers were not so disinclined to sign the acceptance as was commonly reported by those who have not gone into the movement seriously, and that the acceptance is a remarkable collection instrument paid, with few exceptions, without question on the due date.

One of the members cited the readiness of American business men to co-operate cordially with the government in this difficult period of financing our great enterprises, and urged the importance of getting the influence of the Secretary of the Treasury and of the Federal Reserve Board behind the general adoption of the acceptance, in order that business shall create a large body of the most highly liquid, short term business paper, and offset to some degree the inevitable tendency of a great war period to create long term non-liquid instruments. The Council has every reason to know that our financial leaders at Washington appreciate its efforts and will, so far as they consistently can, speed its purposes.

The Council also saw the necessity of bankers passing to their customers the preferential discount applying to the trade acceptance. The Federal Reserve Board, it was felt, had given sufficient evidence that it expected this special inducement of lower discount rate to be passed along, in order to encourage the development of trade acceptance in substitution for the open account. Many banks, it was reported, though they had no expectation of rediscounting their trade acceptances, were operating in harmony with the Federal Reserve Board in this respect, but there were, it was declared, still a great many banks which insisted that the two-name paper was not entitled to a better discount rate and declined to give it

preference. The Council felt that it should exert every effort to secure for the maker of the acceptance a preferential position.

The Council felt that it should also endeavor to dispel the notion that the acceptance was by its nature a long term instrument and not intended to cover short terms. The Council reported that it had employed a referendum and had obtained the unanimous opinion that there is a great mass of accounts receivable on the books of merchants and manufacturers for short periods—thirty days or less—and to rule that a substitution of the acceptance for the open account in this class of receivables was not intended would mean that a large fraction of receivables would not lend themselves to the effort to bring commercial credits and banking into that close relationship which the issue of negotiable paper to represent actual shipments occasions.

There was discussion of what phrases are permissible in trade acceptance—for instance, phrases to cover conditional sales, chattel mortgages, attorney's collection fees, etc. The feeling was that special sales provisions should be recorded on separate instruments and that the face of the acceptance should be kept as clear and simple as possible, that immediate availability for rediscount should be always in mind of the maker of the acceptance and the simpler the form the more likely the instrument to promise immediate eligibility.

The Council took cognizance of the hostility of certain banks and note brokers to the acceptance in that they objected to concerns selling or discounting both single- and double-name paper. The feeling was that these banks which believe in the trade acceptance principle and that the spirit of the Federal Reserve Act regarding rediscounting of two-name paper should be infused into business practice, ought to exert their influence and extend their facilities to the end that the transition from the single-name basis to the trade acceptance method of financing might be made as simple as possible. This it was felt was a matter of the highest importance if we are to get acceptances in large sums and containing the best names.

The Council felt that it was of the utmost importance to keep clearly before business men the point that the acceptance is not alone an effective collection instrument, but more especially the safest, most liquid representative of commercial credit they could offer; that the circulation of this instrument through the banking system would tend to keep credits safe and in consonance with business expansion and contraction, and also release to the use of the government vast working capital now invested by mercantile and manufacturing firms in accounts receivable, placing the financing of these representatives of receivables with the banks which are equipped to handle them with the greatest economy and efficiency.

The Council is to hold its next meeting at Chicago, April 9, the day preceding the annual convention of the United States Chamber of Commerce. It is hoped that the Conference will bring together a large number of business men and bankers of Chicago and others in attendance upon the Chamber of Commerce convention, for a thorough discussion of the various phases of trade acceptance methods.

Grist from the News Mill

A MEETING of the chairmen of all the committees in charge of the Chicago convention of the American Bankers Association was held at Chicago, Monday, April 1, under the chairmanship of John A. Lynch, chairman of the executive committee. General Secretary Fred. E. Farnsworth was present and assisted the committees materially in straightening out the numerous details of arrangement and administration connected with the big gathering.

THE First National Bank of Philadelphia had on exhibition in its banking rooms last month an exhibit of war materials prepared and supplied by customers of the bank. The show was composed of Philadelphia products and was intended to demonstrate the important position of that city as a center of manufacture of all kinds and descriptions of supplies needed by the American soldier abroad. In the catalog of products issued by the bank there appeared the names of eighty-eight exhibitors, and the articles shown ran the gamut of everything from candy to shells.

AS a result of the Federal Reserve Board's determined stand against competition among banks for deposits, by means of increased rates, the New York Clearing House Association March 19 adopted an amendment to its by-laws which fixes these rates in accordance with the prevailing discount rate of the reserve bank for ninety-day paper. The maximum permitted, however, is three per cent. The rule was not adopted without considerable preliminary discussion, in which an important part was played by the trust companies. Their position is stated in the Trust Company Section of this issue of the JOURNAL. The technical features are treated in the Clearing House Section, where will be found also the text of the amendment. It is expected that the action of the New York Clearing House will be followed by similar action in other parts of the country.

GOVERNOR W. P. G. Harding of the Federal Reserve Board, speaking before the Southern Commercial Congress at Baltimore last month, predicted a great expansion of American trade throughout the world after the war is over. He based this statement on the fact that national banks were beginning to take advantage of the provision in the Federal Reserve Act permitting them to establish foreign branches, under certain restrictions. He said: "National banks having a capital and surplus of a million dollars are authorized by the Federal Reserve Act to establish foreign branches, and there are today many branches of American banks operating in Latin-American, South American, as well as in European countries. These branches have been established as a rule by very large institutions, but several banks have been established which are owned in whole or in part by groups of national banks, and one of them has at this time forty-eight national banks as stockholders who have thus combined to facilitate foreign trade."

THE Trade Acceptance Committee for Michigan is working hard to popularize the trade acceptance.

The state has been divided into three parts, with William J. Gray of Detroit in command of the First Division, eastern Michigan, Clay H. Hollister of Grand Rapids in charge of the Second Division, western Michigan, and William D. Calverley at the head of the Third Division, northern Michigan. There are numerous county captains each of whom is charged with the duty of seeing that the customers of his bank adopt the trade acceptance system and that the other banks do likewise for their customers. The "Michigan Trade Acceptance Booklet," giving the A to Z of trade acceptances, is an important part of the ammunition being employed in the campaign.

A DRIVE for more gold and gold certificates has been launched by the Federal Reserve Bank of Philadelphia, which is sending out to the institutions in its district a letter and display card. The card, in red, white and blue, is headed "Patriotic Service" and urges the banks to "Use Federal reserve notes as money instead of gold coin or gold certificates," and "In this way help your country." The letter emphasizes the need of strengthening the banking power of the country by concentrating all available gold in the vaults of the Federal reserve banks. "Every argument of sound banking and patriotism calls for the concentration of gold and gold certificates now needlessly in circulation and performing no function which they would not perform in a far greater degree mobilized in the nation's money reserve by being concentrated in the Federal reserve banks."

AMERICAN bankers as a class have taken advantage of every opportunity to put out literature bearing on the war. Some of it has been extremely effective. A statement-folder entitled "The Lessons of the War" that has just been issued by the Atlanta National Bank of Atlanta, Ga., seems to be in a class by itself. The "lessons" are given in four well-thought-out chapters, each occupying no more than a small page, two and one-half by four inches of type. They take up in succession "The Value of Economy," "The Necessity of Production," "The Importance of Saving" and "The Duty of Buying Liberty Bonds." "The Necessity of Production" is particularly informative. Here it is:

"PRODUCTION—the right kind of production—is another of the foremost lessons of this war. No section needed this instruction more than the south. We were bent on one idea; we were out of balance.

"How well the south has already applied it, is well illustrated in our own state. From almost a one-crop state, Georgia has become in a year self-supporting.

"In 1917 Georgia made \$580,006,166 worth of farm products. This was an increase of \$211,424,166 over the year previous—1916.

"Sixty per cent of that increase was in food products, so badly needed for the winning of the war. It was in more cotton seed, the source of vegetable oils and animal

food; more corn, potatoes, peanuts, fruits, velvet beans and animal products.

"Realization of the necessity for production—specifically food production—came forcibly to us. We acted upon it. We have just begun. We will build still better in 1918.

"If the south learns no more than to live at home, it will have won a big victory from the war. But we will do more than that, for we shall produce for others."

MEXICO'S new Bank of the Republic opened for business April 1. It is the only institution in Mexico authorized to issue paper currency, and it began with an issue of \$30,000,000 of circulating notes, redeemable on demand. The notes are guaranteed by a metallic reserve of 50 per cent. of their face value and an additional 50 per cent. of readily salable securities. The paper is issued in denominations of \$5, \$10, \$20, \$50 and \$100. Any further issues of notes are also required by the law to be redeemable on demand. It is expected that the emission of the new bills will have a beneficial effect on business.

AS the result of the entry into the American Foreign Banking Corporation of fifteen additional banks, making the total number of stockholding banks twenty-eight, stockholders of the corporation have authorized an increase in the paid up capital stock from \$2,500,000 to \$2,980,000 and an increase in the surplus from \$900,000 to \$1,073,088. The new stockholding banks are: American Southern National Bank, Louisville, Ky.; Denver National Bank, Denver, Col.; First National Bank, Utica, N. Y.; Indiana National Bank, Indianapolis, Ind.; Industrial Trust Company, Providence, R. I.; Manufacturers' and Traders' National Bank, Buffalo, N. Y.; Merchants' National Bank, Los Angeles, Cal.; Merchants' National Bank, Richmond, Va.; Merchants' National Bank, St. Paul, Minn.; Merchants' National Bank, Worcester, Mass.; National Bank of Tacoma, Tacoma, Wash.; Northwestern National Bank, Minneapolis, Minn.; The People's Bank, Mobile, Ala.; Security National Bank, Dallas, Texas; Springfield National Bank, Springfield, Mass.; Standard Bank of Canada, Toronto, Ont.

SENATOR Thomas has introduced a joint resolution which reads: "Resolved, etc., That the statue of Frederick the Great now disfiguring one of the pedestals of the United States War College in the city of Washington be removed and disposed of as the Committees of the Senate and House on Public Buildings and Grounds shall determine."

AGAIN the "blue sky" laws. To discuss methods of enforcing such laws and to devise new methods of preventing the diversion of capital to undeserving enterprises was the object of a conference held last month at Chicago. Representatives of fifteen states were present and formed a permanent organization called the "National Association of Securities Commissioners." Officers were chosen as follows: President: H. L. Carnahan, California; vice-presidents, Judge P. A. Berry, Ohio and W. R.

Oates, Michigan; secretary and treasurer, Charles J. Andre, Minnesota. The new organization is reported to have received telegrams of indorsement from Paul M. Warburg, chairman of the Capital Issues Committee of the Federal Reserve Board and Allen B. Forbes, chairman of the Advisory Committee of the Federal Reserve Board.

UNOFFICIAL estimates as to the effect of war taxes on the income of America's wealthiest men show startling results. For example, the tax to be paid by John D. Rockefeller, who heads the list, is computed at \$38,400,000, based on an income of \$60,000,000. Although it lacks confirmation, the following list published by the *New York Times*, containing the names of twenty-nine leading taxpayers, is of considerable interest as showing how the income tax operates:

	Estimated Income	Estimated Income Tax Yearly Based on This Income
Rockefeller, J. D.	\$60,000,000	\$38,400,000
Frick, H. C.	11,250,000	7,160,000
Carnegie, Andrew	10,000,000	6,400,000
Baker, George F.	7,500,000	4,800,000
Rockefeller, William	7,500,000	4,800,000
Harkness, Edward S.	6,250,000	4,000,000
Armour, J. Ogden.	6,250,000	4,000,000
Ford, Henry.	5,000,000	3,200,000
Vanderbilt, W. K.	5,000,000	3,200,000
Green, Edward H. R.	5,000,000	3,200,000
Harriman, Mrs. E. H.	4,000,000	2,360,000
Astor, Vincent	3,760,000	2,400,000
Ryan, Thomas F.	3,500,000	2,240,000
Guggenheim, Daniel.	3,500,000	2,240,000
Schwab, Charles M.	3,500,000	2,240,000
Morgan, J. P.	3,500,000	2,240,000
Sage, Mrs. Russell.	3,000,000	1,920,000
McCormick, C. H.	3,000,000	1,920,000
Widener, Joseph	3,000,000	1,920,000
James, Arthur C.	3,000,000	1,920,000
Brady, Nicholas F.	3,000,000	1,920,000
Schiff, Jacob H.	2,500,000	1,600,000
Duke, James B.	2,500,000	1,600,000
Eastman, George	2,500,000	1,600,000
du Pont, Pierre S.	2,500,000	1,600,000
Swift, Louis S.	2,500,000	1,600,000
Rosenwald, Julius	2,500,000	1,600,000
Lewis, Mrs. Lawrence.	2,500,000	1,600,000
Phipps, Henry	2,500,000	1,600,000

The income tax of James Stillman, who died early in March, was estimated at \$2,240,000, based on an estimated income of \$3,500,000.

TOTAL withdrawals from the savings banks of New York State during the year 1917, according to Bank Superintendent George I. Skinner, amounted to \$516,592,780, which exceeded the previous year's withdrawals by \$93,604,231. Total new deposits during the year were \$477,280,362.30, which was \$11,398,299.17 less than the amount deposited during the preceding year, making a total adverse comparison with the year 1916 of \$105,002,330.76. "These figures," continues the Superintendent, "accentuate the effect upon these investment corporations of the placing of the two Liberty loans and of the increased cost of living. The dividends, however, credited to the depositors with savings banks during the year amounted to \$72,223,374, and as a result the total amount credited to depositors during the year actually in-

creased from \$1,953,663,728 to \$1,986,556,349, and the total resources increased \$26,640,044. There was also an apparent gain in the number of depositors, there having been an increase of 42,900 in the number of open accounts. This continued increase in the number of open accounts, notwithstanding conditions existing during the greater part of the year, is probably attributable to the general thrift movement and the emphasizing of the need of saving in order to finance the war as well as to promote the comfort and happiness of our people in times of peace."

THE House has passed the legislative appropriation bill, retaining the provision to abolish the sub-treasuries. A full account of the report made by the Efficiency Committee of Congress, recommending the abolition of the sub-treasuries, was given in the March JOURNAL.

THE Bureau of Markets of the United States Department of Agriculture has issued a bulletin containing suggestions for an act providing for co-operative credit associations or credit unions. The Department has received many requests for assistance in the preparation of a suitable state law for credit unions, and the bill which has been drafted is intended to represent the best views on the subject. Copies of the bulletin may be had on application to the Bureau of Markets.

THE Soldiers' and Sailors' Civil Relief Act, recently passed by Congress, aims to protect those in military service from excessive hardship due to forfeiture of sundry claims and rights, or the maturing of legal

obligations during their absence. The office of the Judge Advocate General of the Army asks bankers throughout the United States to take an active interest in giving effect to this law and to co-operate with the courts in its administration.

THE Foreign Trade Banking Corporation has been chartered under New York State banking laws as a discount company, the first of its kind in the United States. It will engage in the purchase and sale of bankers' and trade acceptances and later, when foreign banking connections are established, will transact a foreign exchange business. George A. Gaston, head of Gaston, Williams & Wigmore, will be president of the discount company and Max May, formerly vice-president and foreign exchange expert of the Guaranty Trust Company, will be its managing director. The capitalization is \$2,000,000. It is intimated that the company's activities will be patterned after those in England, which make it a practice to indorse or guarantee the bills they handle. Eventually, it is said, the company will apply for membership in the Federal reserve system.

NEGOTIATIONS are being concluded for the amalgamation of the Northern Crown Bank with the Royal Bank of Canada, and for the purchase of the Bank of British North America by the Bank of Montréal. While these continued consolidations have aroused the same sort of criticism they have in England, the general Canadian opinion seems to be that this concentration strengthens the banking edifice of the Dominion and gives it more facility in financing the enormous banking transactions due to the war.

G. L.

CONVENTION CALENDAR

DATE	ASSOCIATION	PLACE	DATE	ASSOCIATION	PLACE
April 2-3	Mississippi		June 19-20	Iowa	Dubuque
	Camp Shelby, near Hattiesburg		June 20-21	New York	Atlantic City, N. J.
April 5-6	Florida	Tampa	June 20-21-22	Virginia	Old Point Comfort
April 25-26	Arkansas	Hot Springs	June 21-22	Connecticut	
May 8-9	Oklahoma	Oklahoma City		Eastern Point, New London, Conn.	
May 9-10-11	Alabama	Birmingham	June 21-22	New England	
May 9-10-11	Executive Council A. B. A.,			Eastern Point, New London, Conn.	
	Hot Springs, Ark.		June 21-22	New Hampshire	
May 14-15-16	Texas	Galveston		Eastern Point, New London, Conn.	
May 17-18	New Jersey	Atlantic City	June 21-22	Rhode Island	
May 21-22	Kansas	Hutchinson		Eastern Point, New London, Conn.	
May 22-23-24	North Carolina	Raleigh	June 24-25-26	Michigan	Charlevoix
May 23-24	Missouri	Kansas City	June 27-29	Minnesota	Minneapolis
May 23-24	Pennsylvania	Atlantic City, N. J.		South Dakota	Rapid City
May 23-24-25	California	Del Monte	July 9-10	Wisconsin	Milwaukee
May 27-29	Georgia	Atlanta	July 11-12	North Dakota	Mandan
May 28-29-30	Maryland	Atlantic City, N. J.	Sept. 4-5-6	Illinois	Springfield
May 28-29-30	Tennessee		Sept. 5	Delaware	Wilmington
	Signal Mountain, near Chattanooga		Sept. 17-19	American Institute of Banking,	
June 3-4	Idaho	Pocatello		Denver, Colo.	
June 6-7	Reserve City Bankers		Sept. 19-20	West Virginia	Huntington
	Hotel Astor, New York			American Bankers	Chicago
June 7-8	Oregon	Bend	Sept. 23-28	Montana	Billings
June 14-15	Washington	Yakima		Wyoming	Laramie

TEXT OF THE THIRD LIBERTY LOAN ACT

The text of the bill authorizing the third Liberty Loan issue, as introduced in the House of Representatives, by Claude Kitchin, chairman of the Ways and Means Committee, and passed with corrections, is as follows:

A BILL.

To amend an act, approved Sept 24, 1917, entitled "An act to authorize an additional issue of bonds to meet expenditures for the national security and defense and for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes."

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, that the first section of the Act approved September twenty-fourth, nineteen hundred and seventeen, entitled "An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes," be, and is hereby amended to read as follows:

"That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow from time to time on the credit of the United States for the purposes of this Act, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, not exceeding in the aggregate \$12,000,000,000, and to issue therefor bonds of the United States, in addition to the \$2,000,000,000 bonds already issued or offered for subscription under authority of the Act approved April twenty-fourth, nineteen hundred and seventeen, entitled 'An act to authorize an issue of bonds to meet expenditures for national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes,' provided that of this sum \$3,063,945,460 shall be in lieu of that amount of the unissued bonds authorized by Sections 1 and 4 of the Act approved April twenty-fourth, nineteen hundred and seventeen, \$225,000,000 shall be in lieu of that amount of the unissued bonds authorized by Section 39 of the Act approved August fifth, nineteen hundred and nine, \$150,000,000 shall be in lieu of the unissued bonds authorized by the joint resolution approved March fourth, nineteen hundred and seventeen, and \$100,000,000 shall be in lieu of the unissued bonds authorized by Section 400 of the Act approved March third, nineteen hundred and seventeen."

"The bonds herein authorized shall from time to time be in forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding four and one-quarter per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury, from time to time, at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value."

"The bonds herein authorized, shall from time to time first be offered at not less than par as a popular loan, under such regulations, prescribed by the Secretary of the Treasury from time to time, as will in his opinion give the people of the United States as nearly as may be an equal opportunity to participate therein, but he may make allotment in full upon application for smaller amounts of bonds in advance of any date which he may set for the closing of subscriptions, and may reject or reduce allotments upon later applications and applications for larger amounts, and may reject or reduce allotments upon applications from incorporated banks and trust companies for their own account and make allotment in full or larger allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by him to be in the public interest, provided, that such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said Secretary and shall apply to all subscribers

similarly situated. And any portion of the bonds so offered and not taken, may be otherwise disposed of by the Secretary of the Treasury in such manner and at such price or prices, not less than par, as he may determine. The Secretary may make special arrangements for subscriptions at not less than par from persons in the military or naval forces of the United States, but any bonds issued to such persons shall be in all respects the same as other bonds of the same issue."

Sec. 2. That the last sentence of Section 2 of said act, approved Sept. 24, 1907, be, and is hereby, amended to read as follows:

"For the purpose of this section there is appropriated out of any money in the Treasury not otherwise appropriated the sum of \$5,500,000,000, and in addition thereto the unexpended balance of the appropriations made by Section 2 of said act, approved April 24, 1917, or so much thereof as may be necessary, provided that the authority granted by this section to the Secretary of the Treasury to establish credits for foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government."

Section 3. That Section 4 of said act, approved September 24, 1917, is hereby amended by adding two new paragraphs, as follows:

"That holders of bonds bearing interest at a higher rate than 4 per centum per annum, whether issued (A) under Section 1, or (B) upon conversion of 4 per centum bonds issued under Section 1, or (C) upon conversion of 3½ per centum bonds issued under said act, approved April 24, 1917, or (D) upon conversion of 4 per centum bonds issued upon conversion of such 3½ per centum bonds, shall not be entitled to any privilege of conversion under or pursuant to this section or otherwise. The provisions of Section 7 shall extend to all such bonds."

"If the bonds bearing interest at a higher rate than 4 per centum per annum shall be issued before July 1, 1918, then any bonds bearing interest at the rate of 4 per centum per annum which shall, after July 1, 1918, and before the expiration of the conversion period prescribed by the Secretary of the Treasury, be presented for conversion into bonds bearing interest at such higher rate, shall be deemed to have been converted on the dates for the payment of the semi-annual interest on the respective bonds so presented for conversion last preceding the date of such presentation, and no adjustment of accrued interest shall be made in respect thereof."

Section 4. That the last sentence of Section 5 of said Act, approved September twenty-fourth, nineteen hundred and seventeen, be and is hereby amended to read as follows:

"The sum of such certificates outstanding hereunder and under Section 6 of said Act, approved April twenty-fourth, nineteen hundred and seventeen, shall not at any one time exceed in the aggregate \$8,000,000,000."

Section 5. That Section 7 of said Act, approved September twenty-fourth, nineteen hundred and seventeen, be and is hereby amended, by adding two new paragraphs, to read as follows:

"In determining the value of the shares of any national bank, state bank, trust company, or other banking institution, for the purpose of taxation by any state, or any of the possessions of the United States, or any local taxing authority, there shall be deducted an amount equal to the same proportion of the value of the shares as the par amount of any bonds or other interest bearing obligations of the United States issued during the present war owned by such bank or trust company or banking institution bears to its gross assets."

"If any part of this section shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this section, but shall be confined in its operation to the part thereof directly involved in the controversy in which such judgment shall have been rendered."

Section 6. That Section 8 of said Act, approved September twenty-fourth, nineteen hundred and seventeen, be and is hereby amended to read as follows:

"Section 8. That the Secretary of the Treasury in his discretion is hereby authorized to deposit, in such incorporated banks and trust companies as he may designate, the proceeds, or any part thereof, arising from the sale of the bonds and certificates authorized by this act, and arising from the payment of income and excess profits taxes, and such deposits shall bear such rate or rates of interest and shall be secured in such manner and shall be made upon and subject to such terms and conditions as the Secretary of the Treasury may from time to time prescribe, provided that the provisions of Section 5,191 of the Revised Statutes, as amended by the Federal Reserve Act, and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal reserve system, shall not apply to deposits of public moneys by the United States in designated depositories. The Secretary of the Treasury is hereby authorized to designate depositories in foreign countries with which shall be deposited all public money which it may be necessary or desirable to have on deposit in such countries to provide for current disbursements to the military and naval forces of the United States and to the diplomatic and consular and other representatives of the United States in and about such countries until six months after the termination of the war between the United States and the Imperial German Government, and to prescribe the terms and conditions of such deposits."

Section 7. That said act, approved September 24, 1917, is hereby amended by adding three new sections, to read as follows:

"Section 14. That any bonds of the United States bearing interest at a higher rate than 4 per centum per annum (whether issued under Section 1 of this act or upon conversion of bonds issued under this act or under said act approved April 24, 1917), which have been owned by any person continuously for at least six months prior to the date of his death, and which upon such date constitute part of his estate, shall under rules and regulations prescribed by the Secretary of the Treasury, be receivable by the United States at par and accrued interest in payment of any estate or inheritance taxes imposed by the United States, under or by virtue of any present or future law, upon such estate or the inheritance thereof.

"Section 15. That the Secretary of the Treasury is authorized from time to time, until the expiration of one year after the termination of the war, to purchase bonds issued under authority of this act, including bonds issued upon conversion of bonds issued under this act or said act, approved April 24, 1917, and at such prices and upon such terms and conditions as he may prescribe. The par amount of bonds of any series issued before April 1, 1918, which may be purchased in the twelve months period beginning April 1, 1918, and in each twelve months thereafter shall not exceed one-twentieth of the amount of bonds of such series outstanding at the beginning of such twelve months period. In the case of any series of bonds issued after April 1, 1918, the par amount of bonds of such series which may be purchased in the twelve months period beginning on the date of such issue and in each twelve months period thereafter shall not exceed one-twentieth of the amount of the bonds of such series outstanding at the beginning of such twelve months period. The average cost of bond of any series purchased in any such twelve months period shall not exceed par and accrued interest. For the purpose of this section the Secretary of the Treasury shall set aside, out of any money in the treasury not otherwise appropriated, a sum not exceeding one-twentieth of the amount of such bonds issued before April 1, 1918, and as and when any more such bonds are issued he shall set aside a sum not exceeding one-twentieth thereof. Whenever, by reason of purchases of bonds, as provided in this section, the amount so set aside falls below the sum which he deems necessary for the purposes of this section, the Secretary of the Treasury shall set aside such amount as he shall deem necessary, but not more than enough to bring the entire amount so set aside at such time up to one-twentieth of the amount of such bonds then outstanding. The amount so set aside by the Secretary of the Treasury is hereby

appropriated for the purposes of this section, to be available until the expiration of one year after the termination of the war.

"The Secretary of the Treasury shall make to Congress at the beginning of each regular session a report including a detailed statement of the operations under this section.

"Section 16. That any of the bonds or certificates of indebtedness authorized by this act may be issued by the Secretary of the Treasury payable principal and interest, in any foreign money or foreign moneys, but not also in United States gold coin, and he may dispose of such bonds or certificates in such manner and at such prices, not less than par, as he may determine without compliance with the provisions of the third paragraph of Section 1. In determining the amount of bonds and certificates issuable under this act, the dollar equivalent of the amount of any bonds or certificates payable in foreign money or foreign moneys shall be determined by the par of exchange at the date of issue thereof, as estimated by the Director of the Mint, and proclaimed by the Secretary of the Treasury in pursuance of the provisions of Section 25 of the act approved Aug. 27, 1894, entitled, 'An act to reduce taxation to provide revenue for the government and for other purposes.' The Secretary of the Treasury may designate depositories in foreign countries with which may be deposited as he may determine all or any part of the proceeds of any bonds or certificates authorized by this act, payable in foreign money or foreign moneys."

Section 85. The short title of this act shall be "Third Liberty Bond Act."

Secretary McAdoo's official announcement concerning the details of the third Liberty loan was as follows:

"The Secretary of the Treasury, in a conference with Mr. Kitchin, chairman of the Ways and Means Committee, today outlined his plans for the third Liberty loan. Actual expenditures of the United States Government and of the allied governments having been much less than had been indicated by the estimates, the amount of the next loan will be only \$3,000,000,000, the right being reserved to allot oversubscriptions.

"The Secretary will ask authority from Congress to issue bonds bearing interest at the rate of 4½ per cent. per annum, acceptable at par and accrued interest in payment of United States inheritance taxes and having the benefit of a sinking fund of 5 per cent. per annum during the period of the war and for one year thereafter. It is the belief of the Secretary that the rate now proposed is sufficient, and that, by restricting unnecessary capital issues, and by inducing the people who subscribe for Liberty Bonds to save and keep them for investment, and by purchases with the sinking fund from those who find themselves compelled to sell, future increases in the interest rate may be avoided. In order to put an end to the expectation of higher interest rates, it is proposed that the conversion privilege shall be eliminated from the new bonds, but the holders of Liberty Bonds of all existing issues will be given an opportunity to convert their bonds into the new 4¼ per cent. bonds.

"In addition to the foregoing principal items of the proposed program, Congress will be asked for authority to issue bonds to the amount of \$4,500,000,000 in addition to those now authorized, in order to provide for future issues; for authority to issue additional Treasury certificates of indebtedness; for authority to make additional loans to the allied governments during the summer, and for authority to deposit income and excess profits taxes with national banks, state banks and trust companies throughout the United States in the same manner as the proceeds of the Liberty loans."

LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

MATTERS OF FEDERAL LEGISLATION

AN important meeting of the Committee on Federal Legislation in conjunction with the Executive Committee of the National Bank Section, at which were also represented the Committee on State Legislation and the State Bank Section, was held in Washington, March 11, President Hinsch presiding in the absence of Mr. J. W. Perry, Chairman of the Committee on Federal Legislation.

At this meeting all the pending bills in the sixty-fifth Congress affecting banks were given consideration and action planned thereupon, according as particular bills were favored or opposed.

By referendum vote of the Federal Legislative Council, the Association favors the War Finance Corporation bill, S.3714; also the Pomerene bill, S.6963, permitting payment of income and excess profits taxes in six monthly instalments; deferred payments to draw interest at 3 per cent. General Counsel of the Association, who is secretary of the Committee on Federal Legislation, was entrusted with the work of presenting the attitude of the Association upon these and other bills to Congress and the appropriate committees.

The Association is backing the amendment introduced by Mr. Glass of Virginia to Section 5219, U. S. Revised Statutes, which seeks to permit the par amount of government bonds to be deducted from the assets of the bank in valuing the shares for state taxation. Some modifications, however, were suggested by the Committee on Federal Legislation in the interest of equity. What the committee favors is an amendment that will permit banks to deduct from their assets in determining the value of the shares, the average amount of United States Government bonds and other non-taxable securities held, exclusive of the average amount of such securities deposited to secure circulation or United States deposits; the total amount permitted to be deducted, however, to be determined by and limited to such proportion of the amount of such United States Government bonds and other non-taxable securities only as the capital, surplus and undivided profits of the bank bears to the total of capital, surplus, undivided profits and deposits, exclusive of United States Government deposits, of the bank.

The Association, by referendum vote of the Federal Legislative Council, also favor the bill of Senator Shafroth, S.1783, to make gold and silver certificates and Federal reserve notes legal tender.

At the meeting of the committee in Washington on March 11, the bill introduced by Mr. Glass, (H.R.10104), at the request of the Federal Reserve Board to amend Sections 4, 11, 16, 19, 22 and 25, of the Federal Reserve Act, and Sections 5208 and 5209 of the Revised Statutes, was given full consideration. The committee approved the first paragraph amending Section 4 of the Federal Reserve Act, which amends the law as to the manner in which the directors of Class A and Class B shall be chosen. The provision amending Section 11 (k) of the

Federal Reserve Act, relative to trust powers of national banks was referred to the Federal Legislative Council for their vote. This provision is of such general interest that it is printed in full.

That Section 11 (k) of the Federal Reserve Act be amended and re-enacted to read as follows:

"(k) To grant by special permit to national banks applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which such powers by national banks shall not be deemed to be in contravention of state or local law within the meaning of this Act, whether or not such state laws expressly or by necessary implication prohibit the exercise of such powers by national banks.

"Whenever the laws of such state authorize or permit the exercise of any or all of the foregoing powers by state banks, trust companies, or other corporations which in any way compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of state or local law within the meaning of this Act, whether or not such state laws expressly or by necessary implication prohibit the exercise of such powers by national banks.

"National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the state authorities to the same extent as the books and records of corporations organized under state law which exercise fiduciary powers, but nothing in this Act shall be construed as authorizing the state authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

"No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department, United States bonds or other securities approved by the Federal Reserve Board.

"In the event of the failure of such bank, the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

"Whenever the laws of a state require corporations acting in a fiduciary capacity, to deposit securities with the state authorities for the protection of private or court trusts, the Federal Reserve Board may require national banks acting to make similar deposits with the Federal reserve bank, or with a designated depository within the state in which the national bank is located, and securities so deposited shall be held for the protection of private or court trusts, as provided by the state law.

"National banks in such cases shall not be required to execute the bond usually required of individuals if state corporations under similar circumstances are exempt from this requirement.

"National banks shall have power to execute such bond when so required by the laws of the state.

"In any case in which the laws of a state require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice-president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

"No national bank shall lend to any officer, director, or employee any funds held in trust. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than \$5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

"In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly."

The Committee approved the provision amending the ninth paragraph of Section 16 of the Federal Reserve Act by adding Federal reserve notes of denominations of \$500, \$1,000, \$5,000 and \$10,000 to the denominations now authorized. It recommended, however, that notes of denominations of \$1 and \$2 be added.

Another provision of H.R. 10104, amends paragraphs (b) and (c) of Section 19 of the Federal Reserve Act relative to reserves of banks located in the outlying districts of reserve and central reserve cities. The object of the amendment is to give the Federal Reserve Board power to readjust and reduce the required reserves of banks in outlying districts of reserve cities to a country bank reserve basis and the reserves of banks in outlying districts of central reserve cities either to such basis or the basis of banks in reserve cities. The Association by vote of its Federal Legislative Council, supports this amendment.

A further amendment provided by H.R. 10104 is of Section 22 of the Federal Reserve Act which covers loans, fees, gratuities, etc., to bank officers, directors, employees, attorneys and national bank examiners. The object of this amendment is to clear up many doubtful points in the present Section 22. It was carefully considered by the Committee and approved, subject, however, to modification which would permit national or other banks, members of the Federal reserve system, to make loans to non-salaried or non-active officers upon the same terms and conditions as loans are made to other persons and to make loans to employees up to 1 per cent. of capital and surplus.

The amendment of Section 25 of the Federal Reserve Act contained in H.R. 10104 which relates to banking corporations engaged in foreign banking and adds provisions for the organization of such banking corporations by any number of natural persons not less than five, was

fully discussed and approved by the Committee, subject to a few suggested amendments of a technical nature.

The amendment proposed by H.R. 10104 of Sections 5208 and 5209 of the United States Revised Statutes relating to unlawful certification of checks, punishing embezzlement, etc., was approved, subject to a modification of the provision making it criminal to certify "before the amount has been regularly entered to the credit of the drawer upon the books of the bank." In the regular course of business the credit might be given and a check certified before the notation of the credit reached the bookkeeper for regular entry to the credit of the drawer in his account.

The attitude of the Association and of the Committee on Federal Legislation upon the matters of amendment contained in H.R. 10104, have been presented to the Chairman of the House Committee on Banking and Currency.

At the meeting in Washington on March 11, the Committee on Federal Legislation also gave full consideration to the twenty bills introduced by Senator Owen at the request of Comptroller Williams (numbered S.3892 to S.3911) amending the laws in relation to national banks. Digest of these bills was published in the National Bank Section of the last issue of the JOURNAL. The detailed action taken by way of approval, disapproval or suggested amendment of particular measures will not be outlined here; suffice it to say that the Committee on Federal Legislation have in charge and are giving close attention to all these bills, as well as all others affecting banks, and are taking the necessary steps to oppose such as are objectionable and unfair.

THE COMPTROLLER'S USURY CIRCULAR

NUMEROUS inquiries have been received at the office of the General Counsel concerning the nature of the decision referred to in the following circular of the Comptroller of the Currency, which was forwarded to all national banks in the country at or about the time on which it is dated:

TREASURY DEPARTMENT.

Washington, Feb. 27, 1918.

Comptroller of the Currency—

To the President and Directors:

Sirs:—

Your attention is called to a recent order entered by the Supreme Court of Erie County in the State of New York, overruling a demurrer to a bill of complaint brought to RECOVER USURIOUS INTEREST under Sec. 5198 U. S. R. S.

The bank had not openly charged interest in excess of 6 per cent., the legal rate, but had required the borrower to carry a certain deposit balance as a condition of the loan of the money.

The order of court was to the effect that an interlocutory judgment overruling the demurrer be entered with leave to the defendant bank within twenty days to withdraw its demurrer and answer the complaint, and in case of the failure of the defendant to answer and pay the costs within twenty days, the plaintiff to have judgment against the bank in the sum of \$17,740.86 and interest thereon from April 5, 1917.

On December 27, 1917, in consequence of the charge which it had made to its client, the borrower, of illegal or usurious interest, the defendant national bank paid the plaintiff \$17,000 in settlement of this suit.

In a circular letter to national banks dated Oct. 27, 1915, this office called the attention of all national banks to the usury laws and to the oaths taken by national bank directors, and stated that a great many national banks had grossly violated the laws against excessive interest rates.

The usurious transactions complained of, under which the above recovery was had, occurred in 1915 and 1916, and the recovery in this case represents *twice the amount of the usurious interest paid*, as provided by statute.

There has been a very great improvement in the matter of the observance of the laws against usury since the attention of the banks was called to the subject by this office, but there are a considerable number of national banks that are still charging excessive interest on their loans, and this circular is for the purpose of giving them a further admonition.

This letter is being sent to all national banks—those which are charging unlawful interest and those which are not. You are requested to submit this letter at the next meeting of your board and to note its submission in the minutes of the meeting.

Respectfully,
(Signed) JOHN SKELTON WILLIAMS,
Comptroller.

Banks quite generally require customers to maintain deposit balances at a greater or less minimum amount as a condition of carrying the account and the statement in the circular that the bank "had required the borrower to carry a certain deposit balance as a condition of the loan of the money" and that this constituted the usury, led to quite a general inquiry as to just what was decided in the case referred to.

Investigation disclosed that the action was brought by a borrower against a national bank in Buffalo—it is not necessary to name the parties—to recover \$17,740.86, twice the amount of \$8,870.43, the aggregate of interest payments by the borrower to the bank, being in excess of 6 per cent. on the actual amount of money loaned. The complaint is most voluminous, consisting of sixteen closely printed pages and it is impracticable to outline it in detail; but the gist of the facts alleged were briefly these: The plaintiff owed the bank \$85,000 on notes, but was compelled to execute notes to a total of over \$100,000, and to pay 6 per cent. interest on the full amount of notes as a condition of forbearance and renewing from time to time, the notes representing the actual indebtedness of \$85,000. To off-set and make it appear that there was a consideration for the increased amount of notes above the \$85,000, the bank executed its certificates of deposit for such increased amount, payable to the borrower, not however delivering such certificates to the borrower, but retaining same in its own possession. As a result of these transactions, during the period from April 16, 1915, to June 29, 1916, the aggregate amount of excessive interest payments was alleged to be, as above stated, \$8,870.43, for which the action was brought for twice the amount.

The above, in briefest form of statement, were the usurious transactions alleged in the complaint which was demurred to by the defendant bank. The bank through its attorneys filed a demurrer to the complaint on the ground "that the complaint does not state facts sufficient to constitute a cause of action." In other words, the demurrer virtually stated, admitting all the plaintiff alleges to be true, still such allegations are not sufficient to show any liability. It was this demurrer which was overruled by order of the court, as stated in the circular issued by the Comptroller of the Currency. No opinion was filed by the court; simply an order overruling the demurrer and, according to the Comptroller's circular, the bank subsequently settled the suit by paying the plaintiff nearly the full amount demanded.

We trust the above statement will be sufficient to indicate the nature of the facts and decision referred to.

In the case above stated there was virtually a binding agreement between bank and borrower that he should retain an amount on deposit, represented by the certificates, at the same time paying interest on such amount. A decision that such a transaction is usurious is nothing new. In the JOURNAL for July, 1912, we published an opinion that a loan by a bank at the maximum rate of interest on condition that the borrower keep a stated amount on deposit during the period of the loan was usurious, citing *Butterworth v. Pecare*, 8 Bosworth (N. Y.) 671, and *East River Bank v. Hoyt*, 32 N. Y. 119, in both of which cases notes had been discounted and the proceeds placed to the credit of the borrower, coupled with an agreement that the borrower could withdraw only a portion of such proceeds and the remainder should be left on deposit until the notes became due, then to be applied to payment of the notes. The transaction was held usurious. In the Hoyt case the court said: "The character of the transaction and particularly the material feature that \$500 of the money borrowed and for which interest was paid was to be retained by the lender until the expiration of the credit * * * shows a contract for usury."

There was also cited in the opinion referred to *Apleton Bank v. Fiske*, 90 Mass. 201, in which it was held that if a person who obtains discounts at the bank voluntarily allows a sum to remain on deposit with the expectation that this course will enable him to obtain discounts more readily, but without any agreement or understanding that he may not draw his money at any time, there is no usury in the practice and the court said: "To constitute usury there must be an agreement by which a greater rate of interest than the law allows is reserved or taken; and this agreement must be so far completed as to become obligatory upon the parties to it."

The above decisions clearly indicate the law upon the subject.

OPINIONS OF THE GENERAL COUNSEL

PAYMENT OF OVERDUE TRADE ACCEPTANCES PAYABLE AT BANK

Where a note or trade acceptance maturing at a fixed or determinable future time is made payable at the maker's bank and is not presented for payment until after the due date, opinions differ as to the authority of the bank to pay without express instructions from its customer.—An Australian decision that the bank's authority to pay continues after maturity until countermanded, not regarded as controlling in this country.

From Washington—We have been favored with a copy of a letter which you have written to a cashier of this city, with reference to authority of a bank to pay an acceptance presented after maturity. While you do not state that a bank would be without authority, you do say that in your opinion the safer course would be to obtain the acceptor's express instruction to pay such an acceptance before paying it. It appears that on the

strength of your opinion some of the banks in this vicinity are refusing to pay acceptances presented for payment after date of maturity, with the result that some prejudice is being created against the use of acceptances. You will appreciate the fact that presentation is frequently delayed owing to an oversight or delay in the mails and if it should be held that a bank has no authority to pay an acceptance after date of its maturity, it is certain that this will work against the adoption of the use of trade acceptances. The attorneys of this bank have given us their opinion, that we have authority to charge up an acceptance any time after its maturity and we are acting upon this opinion. This is a point which should be determined as speedily as possible and, if necessary, we believe that a test suit should be brought. In the meantime, we shall appreciate it very much if you will let us have the data upon which your opinion is based.

Section 87 of the Negotiable Instruments Act provides:

"Where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon."

This same section is contained in the Negotiable Instruments Act of all the states except in Illinois, Nebraska and South Dakota the section is omitted; in Kansas, while originally enacted, the section was repealed by Chapter 94, Laws 1915; in Minnesota the word "not" is interpolated so that the section reads "shall not be equivalent"; and in Missouri by an amendment made in 1909 the following was added: "But where the instrument is made payable at a fixed or determinable future time, the order to the bank is limited to the day of maturity only."

The above section was enacted to clear up a conflict in the decisions throughout the country as to the effect of a customer's note made payable at a bank. Before the passage of the Negotiable Instruments Act such note was held in some states (1) both an order and authority under which the bank was obligated to pay and liable to its customer for refusing; in others, it was held (2) it was neither an order nor an authority and the bank was responsible to its customer if it paid without his express instructions; while in still other jurisdictions it was held (3) that the note was an authority but not an order, under which the bank might, but was not obliged to pay. The enactment of section 87 made the rule uniform and in accordance with the first stated line of decisions and it has application both to notes and to acceptances of the customer made payable at the bank.

But the question soon arose whether this definition of the order to the bank was sufficiently clear and explicit in its application to notes and acceptances which the customer made payable at his bank at a fixed future time, say sixty or ninety days after date, where the instrument was not presented to the bank until after the date of maturity. No such question arises as to a check. A check may be presented on any day after its date, not too unreasonably long, and the bank will pay it, its authority continuing until revoked. But with reference to time notes or acceptances, such instruments have a fixed date of maturity, a single day only on which they must be presented to hold indorsers (unless delay is excused by special circumstances) and the question arose whether section 87 was sufficiently clear that the authority and obligation of the bank to pay these instruments, was limited to the day of maturity or whether it continued until revoked, when the instrument was not presented until after maturity. It was to clear up doubt upon this question that the amendment to the Missouri law was enacted.

Strange to say, the precise point has never been decided in this country, nor in England, but the question did come up for decision in Australia many years ago and in that jurisdiction it was held that the authority of the bank to pay continued beyond the day of maturity unless countermanded.

The decision referred to is *Wine v. Bank of New South Wales*, decided by the Supreme Court of the Colony of Victoria in 1873, reported in 4 Australian Jurist Reports, 78. Following is the report:

"This case was argued a few days ago, and Mr. Justice Barry now read the following judgment of the court:

The plaintiff accepted a bill drawn upon him by one Goller, dated 11th September, 1871, payable three months after date. The acceptance was in these words, 'Accepted payable at the Bank of New South Wales, Ballarat.—John A. Wine.' The defendants not having funds of the plaintiff when the bill became due, did not pay it at maturity.

They did, however, pay it about twelve months afterwards, and the sole question is were they authorized to do so. The plaintiff contends that when a person makes a bill payable at his banker's, as here, the banker is not authorized to pay it except on the day it becomes due. The defendants contend that the authority continues beyond that day, unless it is countermanded. We are of opinion that the defendant's view is correct. The object of making the bill payable at a banker's is that he may pay the amount in discharge of his customer's liability. That being the object, it would seem reasonable that the authority of the banker should be co-extensive with the liability of the customer. In *Turner v. Hayden*, 4 B. & C., 1, the bill was payable at a banker's, under the same form of acceptance as in this case. When the bill became due, and for twenty-three days afterwards, the acceptors had funds in the banker's hands sufficient to pay the amount. The bill was not presented at maturity, or during the twenty-three following days, at the expiry of which the bankers failed. An action having been brought against the acceptors, Mr. Scarlett for the defendants contended that they were not liable, as they had sustained a loss exceeding the amount of the bill in consequence of the *laches* of the plaintiff in not presenting it within a reasonable time after it became due. The form of that objection recognizes the power of the bankers to pay after the day of maturity, and the case itself shows that the acceptors liability continues notwithstanding the omission to present the bill. In the present case the plaintiff continued liable, and the defendants, in pursuance of his direction written across the bill, had discharged his liability. We think they are fully justified in doing so, and the appeal will therefore be dismissed."

Commenting upon this decision, an Australian writer, Edward B. Hamilton, then Judge of County Courts, Victoria, and author of "Australian Banking Law," said:

"This decision took many of the bankers by surprise. They had always thought that such overdue acceptances ought not to be paid without first communicating with the acceptor, and obtaining his instructions whether the bill was to be paid or not and had acted on that opinion. They accordingly prepared a joint case which was submitted for the opinion of counsel in Melbourne and in Sydney. The members of the Sydney bar, before whom the case was laid, and also an eminent judge who had retired from the bench, were all of opinion that *Wine v. Bank of New South Wales* was wrongly decided. The Victorian barristers, who were consulted, were unanimously of opinion that it was rightly decided.

"Those who thought that a bank was bound to pay on presentation the overdue bills of a customer, accepted payable at the bank, contended that by accepting a bill in that form the customer gives an authority to his banker to pay it; that such authority continues until it is revoked; that the duty of the banker is co-extensive with his authority; that if he did not pay the bill, though overdue, an action would lie against him for breach of his duty; and that if the customer suffered any loss from the payment of the bill when overdue, it was his own fault for not countermanding the authority he had given, or communicating to his banker the nature of any arrangement with the holder by virtue of which the presentment of the bill for payment might have been postponed; but that the lapse of a long time, say six months or so, or other unusual circumstance, might render it prudent for the bank to refer when practicable to its customer before paying such an overdue bill. Those who were of the contrary opinion maintained that from the commencement of banking business in Australia and New Zealand it had been the custom of bankers to refuse payment of such bills without renewed instructions from the customer; that no usage to the contrary had been known; that the established practice must form the contract between banker and customer; that the words 'payable at the bank,' give not a continuing authority to pay at any time after due date, but only a limited authority to pay at such due date and then only; that if a bill be presented for payment after due date, the reasonable in-

ference is that the delay is the result of a prior arrangement between the parties which the bank might assist in violating if it then paid; that in the interests of its customer it is bound to communicate with him; that if it did not, it might be answerable to him in damages for any loss occasioned by paying the bill when overdue; that if the authority given by such a mode of acceptance, was a continuing authority with which it was a banker's duty to comply, mere lapse of time would not excuse or justify a refusal to pay such an overdue bill upon presentation; and that by referring under any circumstances to his customer, he would disregard both his authority and his duty, and become liable to an action.

"In this conflict of opinion, the question cannot be considered as determined until it has been settled by a court of final appeal. In the meantime, the practice of the banks is not uniform. Some act upon the opinions obtained in Sydney, others upon the views held by the Supreme Court of Victoria."

It is in view of the above that the General Counsel has advised bankers that the question of the authority to pay a note or acceptance made payable at the bank, when not presented until after maturity, is not entirely clear but subject to differences of opinion and that the safer course would be to obtain the acceptor's express instruction before making payment of an acceptance, made payable at the bank, when not presented until after maturity. Subsequent to maturity an acceptor might make a settlement of the acceptance with his creditor, without taking same up. If the holder thereafter presented it and it was paid by the bank the question would doubtless become one of legal controversy whether the acceptor or the bank should stand the loss. The acceptor might contend, not without force, that if the bank purchased from the holder his overdue note, it would acquire same subject to equities and that the same rule should apply to payment by the bank of his overdue acceptance. A test suit on this question would certainly be desirable; or better still, an amendment of the Negotiable Instruments Act which would provide a definite rule upon the point. Your thought is, as I gather it, that the refusal by banks to pay acceptances presented for payment after date of maturity, militates against the use of these instruments. If the better rule is one that would permit a bank to make such payment within a reasonable time after maturity, an amendment to that effect, rather than one, such as in Missouri, limiting the authority to pay to the day of maturity only, would be the one to urge. It is probably, however, a debatable question which is the better rule.

BILL OF LADING DRAFT

Bank which purchases and collects draft to which bill of lading is attached as security, holds a special title to the goods as pledgee which is divested upon payment of the draft, but does not warrant to the drawee the genuineness of the bill of lading nor the quantity or quality of the goods therein described—A disclaimer of such warrantor liability, stamped upon a bill of lading draft is unnecessary, except probably in case of drafts drawn on Mississippi, where the warrantor doctrine still prevails; but if such disclaimer stamp is indorsed upon the draft, opinion expressed that it would not weaken the bank's special title in the security.

From Michigan—We enclose herewith an imprint of a rubber stamp which we use to indorse the back of each draft accompanied by a bill of lading which goes through our collection department:

By indorsing this draft or receiving a payment thereon we do not warrant the genuineness of the bill of lading attached, nor the quantity or quality of the goods named therein.

____ Bank
____ Mich.

An interesting point resulting from this stamp was brought out by a Judge in Dotham, Ala., within the last few weeks, in that he decided that this was evidence that the bank did not have title to the goods, in spite of the fact that the full amount of the draft had been advanced to the manufacturer, who was also the drawer. Please advise us whether in your opinion this would serve to invalidate our title to goods covered by these B/L.

It was originally held by the Supreme Court of Alabama (*Haas v. Citizens Bank of Dyersburg*, 39 So. 129) that a bank which purchased a draft with bill of lading attached and received payment from the drawee, was responsible to the latter in case of a shortage in the goods. The court held that the transaction was an executory contract of sale and when the bank purchased the draft and bill of lading it was not simply a purchaser of the draft, holding the bill of lading as security for its payment, but it became owner of both draft and goods and undertook to perform the seller's contract by delivery of the goods. Where it received payment for the goods, but only delivered part, it became liable for non-performance of its contract to the extent of the damage sustained.

But in the later case of *Cosmos Cotton Co. v. First National Bank of Birmingham*, 54 So. 621, the doctrine of the earlier case was virtually repudiated and it was held that a bank which purchased a draft with blank indorsed bill of lading attached and which forwarded the same for collection, did not become liable to the drawee-consignee upon payment of the draft for a breach of the contract of sale arising from a shortage in weight or deterioration in quality of the cotton covered by the bill of lading; that the transferee of a bill of lading attached to a draft for the purchase money takes a special property only, defeasible by acceptance and payment of the draft. The court thus differentiated the *Haas* case:

"In this *Haas* case the complaint averred not only that the bank acquired the draft and bill of lading, but purchased the account also and the court, speaking through *Tyson J.*, stresses the point that the bank purchased the account, and does not fasten its liability upon the draft and bill of lading alone. In response to the contention, by the bank, that it held the draft as a bona fide purchaser and was not therefore liable, the court says: 'To so hold would be to give effect to only a part of the transaction—to ignore its ownership of the goods and the account transferred to it by *Klyce*.' It will be noted that the purchase of the account or invoice was an important factor in the mind of the court, in reaching the conclusion in said case and is one not to be considered in the case at bar against this defendant. There was no proof that this defendant purchased the account or invoice, or that it had any notice of the contents of the invoice or of the details of the transaction between the plaintiff and *Smith & Coughlan*, and it appears that said invoice was mailed by said *Smith & Coughlan* direct to the plaintiff. The defendant never saw the invoice and had no notice of *Smith & Coughlan's* representations to the plaintiff, made therein or otherwise, as to the quality or quantity of the cotton, and, if the plaintiff relied upon same in paying the draft, it cannot hold this defendant to account for the representations

of the vendor of the cotton. It held the draft as a bona fide owner and the bill of lading as a security for said draft, and which the plaintiff knew, from an inspection of the papers, when presented, and the only representations which could be attributed to the defendants are that the papers were in the same condition when presented as when gotten from Smith & Coughlan."

The opinion in the later, *Cosmos Cotton Co.* case was written by Anderson, J., and Simpson, McClellan and Mayfield JJ., concurred in the opinion; while Dowdell, C. J., and Sayre J. concurred in the conclusion of the opinion except in so far as it differentiates the case from the *Haas* case. They thought the *Haas* case was in conflict and should be overruled. Simpson J. thought the *Haas* case unsound but properly differentiated and that it was not necessary to overrule same.

Similar decisions to that announced in the *Haas* case have been rendered in the past by the Supreme Courts of North Carolina and Mississippi and by courts in Texas, but in all these states, except Mississippi, they have been overruled by later decisions and the great weight of American authority at the present time is to the effect that a bank which purchases a draft secured by bill of lading takes the goods simply as security and is not responsible as owner or warrantor to the drawee-consignee, who pays the draft, because of shortage in the goods or defect in quality, nor does the bank warrant the genuineness of the bill of lading to the drawee of the draft.

It was to relieve the bank from any possible liability arising from decisions, similar to that in the *Haas* case, that stamps such as you submit came into vogue disclaiming liability of the bank holding the draft or receiving payment thereof, as warrantor of the genuineness of the bill of lading or of the quantity or quality of the goods described therein.

Concerning same you say that a Judge in Alabama has recently decided that the use of such a stamp "was evidence that the bank did not have title to the goods in spite of the fact that the full amount of the draft had been advanced to the manufacturer, who was also the drawer;" and you ask whether the use of such a stamp would serve to invalidate the bank's title to the goods covered by the bill of lading.

Because of the almost universal repudiation of the doctrine that a bank purchasing a bill of lading draft warrants to the drawee the genuineness of the bill of lading and the quality or quantity of the goods, there would seem to be little need for the continued use of such stamp—except probably in the case of shipments to the state of Mississippi—but I do not understand that its use would weaken in any way the bank's recourse upon the bill of lading security in case the draft was not paid. The bank which purchases the draft does not take absolute title to the goods in the sense of a purchaser, but simply acquires a special title as pledgee, by way of security, until the draft is paid and the documentary security surrendered. To quote from the later Alabama decision in the *Cosmos Cotton Co.* case:

"The defendant (bank) by purchasing or cashing the draft did not undertake thereby to carry out the contract of sale. Nor did the assignment of the bill of lading put the assignee in the shoes of the vendors and entail upon it the duty of standing sponsor for their warranties and obligations, connected with or growing out of the contract of sale of the cotton. * * * One who gets a bill of lading as assignee does not assume to carry out the contract of the assignor with the consignee or

drawee of the draft to which it is attached. He merely gets such title as the transferor has in the goods, covered by the bill of lading, and he does not assume to warrant the obligations of the shipper as to quality or quantity. The foregoing rule seems to apply to unconditional transfers or assignments of bills of lading; but when the shipment is made with the bill of lading attached to a draft for the purchase money, only a special property in the goods passes to the transferee, subject to be divested by the acceptance and payment of the draft. The defendant (bank) in the case at bar acquired the draft for a valuable consideration and, when accepted and paid by the plaintiff, the defendant as the owner or payee of the same, did not, in receiving the money thereon, become responsible for the breach of contract between the drawer and drawee. It was under no obligations to perform the contract of Smith and Coughlan (the drawers) and had the right to assume that the draft it received and forwarded, and which was accepted and paid by the plaintiff, was a legitimate and regular transaction between the drawer and drawee and that it was right and proper that the latter should pay, as the principal party; and the presumption of law that such is the case is its complete protection, if it received the draft in the ordinary course of business."

According to the above, all that the bank acquires when it purchases a draft with bill of lading attached, in addition to title to the draft, is a special title to the goods subject to be divested upon payment of the draft; and it is made clear that no liability attaches to the bank which surrenders the bill of lading and receives payment of the draft, as warrantor of the quality or quantity. While there is no need, therefore, wherever such doctrine prevails—and it quite generally prevails—for a purchasing bank to stamp a special disclaimer of liability for quality or quantity of goods covered by the bill of lading, still if it does so, I fail to see how it can be held to thereby divest itself of its special title in the goods as pledgee. Such disclaimer is simply a reiteration of what the law itself says, namely, that a bank holding special title as pledgee of a bill of lading, attached to a draft which it has purchased, does not warrant the genuineness of the bill nor the quantity or quality of the goods.

PAYMENT OF CHECK TO INFANT AGENT

An infant or minor may act as the agent of another person and a bank which pays a check to an infant, who has been authorized by his principal to collect same, is protected, although the money is lost by or stolen from the infant and never reaches the principal.

From Wisconsin—In case a customer sends his son, a minor, with checks amounting to around \$1,000, to the bank to be exchanged for cash, and the boy should be held up on his return trip and the money be lost, would the bank in any way be liable to either the father or his son?

The bank would not be liable in the case stated. An infant may be the agent of another person and such agency may be created by parol. *Talbot v. Bower*, 1 A. K. Marsh (Ky.) 436; *U. S. Investment Corporation v. Ulrickson*, 86 N. W. (Minn.) 613. Here the minor son was the duly constituted agent of his father to obtain the money from the bank on certain checks owned by the father. The minor was the agent of the father and not of the bank and the former took the risk as to the safety and reliability of his agent. Payment by the bank to the duly appointed agent fulfilled its duty, and it was absolved from any further duty or liability. The fact that the agent was a

minor and that loss was eventually sustained through the negligence or misfortune of such agent could not affect the bank's position.

COMPUTATION OF MONTHS

A note dated December 29, 30 or 31, payable two months after date, falls due on February 28, or in leap year February 29.

From New York—In the case of a note dated December 29, 30 or 31, made payable two months after date, will it fall due on February 28 or not until March 1, 2 or 3 respectively? The practice seems to be conflicting. Some banks which hold a note dated December 29 payable two months after date will present same on the 28th of February and some will present it on the 1st of March. Kindly advise what is the correct rule of law on the subject?

It is the rule of the law merchant that when a note payable one or more months after date, is dated on a day of the month which has no corresponding day in the month of maturity, the day of maturity is not carried over to the following month but falls on the last day of the month in which payable. See Daniel on Neg. Inst. Sec. 624 and authorities there cited.

The Negotiable Instruments Act which codifies the law merchant contains no rule upon this subject but "the General Construction Law" of New York provides:

"Sec. 30. A number of months after or before a certain day shall be computed by counting such number of calendar months from such day, exclusive of the calendar month in which such day occurs, and shall include the day of the month in the last month so counted having the same numerical order in days of the month as the day from which the computation is made, unless there be not so many days in the last month so counted, in which case the period computed shall expire with the last day of the month so counted."

"Sec. 31. In a statute, contract or public or private instrument, unless otherwise provided in such contract or instrument or by law, the term month means a calendar month and not a lunar month."

It follows that in the case of a note dated December 29, 30 or 31, payable two months after date, the day of maturity would be the 28th of February except in a leap year when it would be the 29th of February. The maturity would not run into the following month.

PAYMENT OF LEGACY TO WRONG PERSON

Where a will bequeathed a legacy to John Brown of Howard, Ill., the real legatee intended being John Brown of Hall, Ill., who had never lived at Howard, and the executrix notified John Brown of Howard, sending him a receipt and instructing a bank to forward him the amount upon receiving the receipt, which instruction was carried out by the bank, there is no liability of the bank but the executrix is liable to the real legatee unless the misdescription of his address in the will should be held sufficient to estop him from questioning the validity of the payment.

From Nebraska—Mr. Smith, of Nebraska, dies leaving a will and one of the provisions contained in the will was a legacy of \$500 to "John Brown, of Howard, Ill."

Nothing in the Smith will states the relationship between the testator and the beneficiary, but there is no doubt in the mind of the executrix, or the attorney for her, that his nephew, John Brown, was intended. When the Smith estate was ready for distribution the executrix of the estate deposited in the local bank, in Nebraska, \$500, with instructions to pay that amount to John Brown of Howard, Ill., when a receipt from him was presented to the bank; he also sent a receipt to John Brown, at Howard, Ill., telling him that the amount due him under the will of Smith, of Nebraska, had been deposited in the Nebraska bank and would be sent him when he signed and forwarded to the Nebraska bank the enclosed receipt. John Brown at Howard, Ill., received the letter, signed and had witnessed by the banker at Howard, the receipt, and forwarded it to the Nebraska bank, whereupon the Nebraska bank sent him a Chicago draft for \$500. Brown presented this draft to the same banker who had witnessed his signature to the receipt, at Howard, Ill., and received the money. John Brown at Howard, Ill., was no relation to Mr. Smith, of Nebraska, and was not an heir to the estate and is not personally responsible. John Brown, nephew of the testator, and the man undoubtedly referred to in the will lives at Hall, Ill. (never did live at Howard, Ill.) and now wants his money. Eliminate John Brown of Howard, Ill., because a judgment against him could not be collected, who is liable to John Brown, of Hall, Ill., for his legacy?

1. The executrix concedes that the testator intended the legacy for his nephew John Brown, although stating him in the will to be "of Howard, Ill." whereas he never resided at Howard, but lives at "Hall, Ill."

An executor or administrator is personally responsible to the aggrieved person for an improper or erroneous payment or distribution, unless the latter is estopped from objecting thereto. *Hemphill v. Moody*, 62 Ala. 510; *Hindman v. State*, 61 Md. 471; *Thiefes v. Mason*, 55 N. J. Eq. 456; *Matter of Baker*, 57 N. Y. App. Div. 44; *Boone v. Durand*, 1 Desauss. (S. C.) 588. If he distributes to the wrong person or omits one entitled to share he may be compelled to pay again to the right person. (*Keiningham v. Keiningham*, 24 Ky. L. Rep. 1330; *Cowdin v. Perry*, 11 Pick. [Mass.] 503; *Garner v. Lansford*, 12 Sm. & M. [Miss.] 558; in re *McDonough's Estate*, 117 N. Y. Suppl. 258; *Wade v. Dick*, 36 N. C. 313, [holding this to be true, although he makes such distribution in good faith, upon his own judgment, or upon the judgment of his counsel]; *Negley v. Gard*, 20 Ohio 310; *Campbell v. Reed*, 24 Pa. St. 498 [holding that ignorance of the existence of the ones omitted does not relieve the administrator from liability to them for their shares]; *Laurason v. Davenport*, 2 Call [Va.] 95.

Unless the fact that the will misnamed the address of the legatee would be sufficient to relieve the executrix from responsibility for making payment to the wrong person, as between the executrix and the real legatee, the executrix would be liable. There is no precise precedent for such a case. The nearest parallel is *Weisberger v. Barberton Savings Bank*, 95 N. E. (Ohio) 379, where the fact that the drawer of a check payable to Max Roth, doing business in New York city, inadvertently mailed the check to Max Roth, Cleveland, Ohio, by whom it was indorsed and collected, was held such negligence as to estop the drawer from questioning the validity of the payment of the check by the bank and from invoking the rule that payment to a payee of the same name, but not the person intended by the drawer, is not a good payment. It might possibly be held that the misdescription of the address of the legatee by the testator was such negligence as would

estop the legatee, claiming under him, from questioning the validity of the payment to a person of the same name, residing at the address given in the will, but not the real legatee.

2. Assuming, however, that the executrix remains liable to the real legatee, a further question arises as to whether there is any liability of the bank which paid the \$500 legacy to the wrong John Brown, to the executrix. I think in this case, the payment was made to the precise person intended by the executrix to receive the money and that the bank would not be liable.

In *Hoffman v. American Exch. Bank*, [Nebr. 1901], 96 N. W. 112, it was held that where an impostor assumes the name of another person, and thereby induces a third person to believe he is the person whose name he has assumed and, acting on such belief, such third person indorses a draft, designating the payee by the name assumed by the impostor, and delivers it to such impostor under the belief that he is dealing with the person whose name has been assumed, and the impostor indorses the draft, using such assumed name, and transfers it to an innocent purchaser, the purchaser takes title by such indorsement. On this point the court said: "The weight of authority, however, seems to be decidedly in favor of the doctrine that where a check or draft is drawn or indorsed and delivered to a party, to be cashed by him under the name in which it is made out or indorsed, that his signature by way of indorsement in that name is valid as between an innocent holder and the party delivering it to him. This is commonly put on the ground that the payer of the draft or the purchaser of it is simply carrying out innocently the intention of the maker or indorser. *Emporia Nat. Bank v. Shotwell*, 35 Kan. 360; *Meridian Nat. Bank v. First Nat. Bank*, 7 Ind. App. 322; *Robertson v. Coleman*, 141 Mass. 235; *Levy v. Bank of America*, 24 La. Ann. 220; *Land & Co. v. N. W. Bank*, 196 Pa. 230, 46 Atl. 420. It is also placed sometimes, as was done in a measure in this instance, by the trial court, on the ground of negligence on the part of the maker. It is sometimes held that the payee is a fictitious person, and the check or draft therefore payable to bearer."

Upon a rehearing granted in this case, in which the same conclusion was reached, the court said: "It has been suggested that the cases just cited may be classified under four heads, the basis of such classification being the ground upon which the courts place their respective decisions, which are as follows: First, that such indorsement effectuates the intention of the drawer; second, that the drawer has been guilty of negligence; third, that the drawer (payee?) is to be treated as a fictitious person; fourth, estopped. But such classification is unscientific, and is based on the language of the opinions, rather than upon any principle underlying them. A careful analysis of the cases will show, we think, that the controlling principle in each is that of estoppel, which, to our minds, is peculiarly applicable to cases of this character."

It was held in *Jamieson v. Heim*, [Wash. 1906], 86 Pac. 165, that though one to whom a draft was payable, induced the bank issuing the draft to do so by impersonating another of the same name and forging such other's name to another draft, one who purchased the draft for value from the payee without notice of any infirmity had a good title, and could recover against the drawer under Negotiable Instruments Act (Acts 1899, p. 350, c. 149) §52.

The weight of authority is to the above effect, although there are decisions in New York and Rhode Island to the contrary. I think the principle of the Nebraska decision would govern and relieve the bank from liability to the executrix in this case. The executrix sent a receipt to John Brown at Howard, Ill. informing him that the amount was due him under a certain will and instructed the bank to pay John Brown of Howard, Ill., when the receipt was presented at the bank. The executrix was deceived in supposing that John Brown of Howard, Ill. was the legatee, but the bank, in paying the money to the latter was carrying out her precise instructions, although John Brown at Howard was not the real legatee.

As I look at this case, therefore, there is no liability upon the part of the bank but the executrix would be liable to the real legatee unless the misdescription of his address in the will should be held sufficient to estop him from questioning the validity of the payment.

BANK STOCK ISSUED TO FIRM

A certificate of bank stock may be issued to a firm in the firm name and a director's qualification shares may be held by the partnership of which he is a member.

From New Jersey—Can a certificate of bank stock be issued in the name of a firm? A father and son are in partnership under the name of John Smith & Son and have bought shares of our stock and desire it registered in the partnership name. I am a little in doubt whether it would be proper to so issue the certificate. I have in mind difficulties which might arise in case one of the firm should desire to become a director, whether stock issued in the firm name would be sufficient to qualify him.

A certificate of stock may be issued in the firm name and a director's qualification shares may be held by the partnership of which he is a member. The following authorities are pertinent to your inquiry:

A partner, like an agent, or acting as an agent, may make a subscription to the capital stock of a corporation for his firm and in its name. *Union Hotel Co. v. Hersee*, 79 N.Y. 454, where certificates of stock were issued to two partnership concerns thus: "B. & S. M. Spencer" and "Sidney Shepard & Co." respectively, upon the signature of one partner to the subscription list.

The fact that a certificate of stock may be, and often is issued in the name of a firm, is illustrated in the case of *Morse v. Pacific Ry. Co.*, 191 Ill. 356, where the certificate was issued to a partnership under the title "Reid & Murdock." See also *Rehbein v. Rahr*, 109 Wis. 136, where the certificate of stock was issued in the name of "William Rahr's Sons," a partnership.

Where the charter or by-laws of a corporation require that in order to be eligible to the office of director a person must be a stockholder in the corporation, a director's qualification shares may be held by him jointly with another person, or by the partnership of which he is a member. In *re Glory Mills Co.* 3 Ch. 473, 63 L. J. Ch. 885.

Where a certificate of stock is issued in the name of a partnership, a valid transfer thereof may be executed by any member of the firm who is authorized to sign the firm name. *Barton v. London & Co. R. Co.*, 24 2 B. D. 77; *Kortright v. Buffalo Commercial Bank*, 20 N. Y. 91; *Plymouth v. Norfolk Bank*, 10 Pick. [Mass.] 454.

Cook in his work on Corporations is authority for the statement that one partner may sell and convey stock standing in the partnership name. Cook on Corporations, Chap. XXIV, §429.

RECOVERY OF MONEY PAID UPON FORGED CHECK

Where a retailer accepts forged checks in payment of merchandise, indorses and transfers them to a wholesaler and the latter deposits them in bank and later collects them from the drawee and the drawer's passbook is not balanced for eight or ten months, at which time the forgery is discovered and notice thereof given, the drawee bank has no right of recovery, under decisions in Tennessee, from the bank receiving payment and probably, under such decisions, would be denied recovery from the retailer, even though the latter was guilty of the first negligence in accepting the checks without proper identification.

From Tennessee—You were kind enough a few years ago to advise us with regard to whether the responsibility for payment of a forged check rested on the indorser or the paying bank, and at that time cleared up in a most satisfactory manner the rather puzzling problem. Today we have the question of where this responsibility lies in an instance where a paying bank has paid a forged check and charged it to the account of a customer whose name was signed thereto, but the customer has not had his book balanced for eight to ten months and when the book was balanced he returned the checks to the bank with the statement that they were forgeries. The bank is claiming that the indorser is liable, he having accepted them in payment for merchandise and in due time transferred them to the wholesaler from whom he constantly purchased supplies and the wholesaler in turn having deposited the checks with his bank. While we recognize the fact that the indorser has a certain liability by reason of being guilty of the first negligence, yet there is a question in our mind as to the recourse on that indorser by reason of the fact that the bank has not been diligent in ascertaining the correctness of signatures by permitting the account to continue so many months without being checked up by their customer. May we have an expression of your opinion.

The judicial law of Tennessee upon the right of the drawee bank, which has paid a forged check, to recover the money from the person to whom paid, has somewhat varied between an earlier and later decision of the Supreme Court.

It was originally held in *Peoples Bank v. Franklin Bank*, 88 Tenn. 299, that a bank that negligently cashed a forged check, purporting to be drawn upon another bank, and had upon its indorsement of such check received payment of the drawee bank, is liable for the amount paid by it upon discovery that the check is forged, and the fact that the indorser bank is unable to give the name of the person who presented the forged check, to whom it was paid, or to positively identify such person, is sufficient evidence of negligence to make it liable, and that the drawee bank will not be precluded from recovery by the fact that, relying upon the indorsement of the indorsing bank, it paid the check without investigation as to its genuineness.

But in a later decision of the Supreme Court in *Farmers and Merchants Bank v. Bank of Rutherford*, 115 Tenn. 64, rendered in 1905, the court said:

"As an original proposition we would not assent to the correctness of *Peoples Bank v. Franklin Bank*, and think the great weight of authority is against it, and that it is contrary to one of the most important rules regulating the law of negotiable instruments, to wit, that the drawee of the check should be held to know the signature of its customers, and to pay only such paper as has a genuine signature."

The court, however did not find it necessary to expressly overrule *Peoples' Bank v. Franklin Bank*, because it was able to differentiate the later case in two particulars. In the later case a forged check was made payable to F or bearer, it bore the purported indorsement of F, was cashed by the R bank without identification, indorsed by it, and after passing through the hands of successive indorsers was paid by the drawee to the last indorser and the drawee held the check thirty days before discovering the forgery. It was held that the drawee could not recover the money from the R bank. It was pointed out, first, that in *Peoples Bank v. Franklin Bank* payment was made by the drawee direct to the bank that negligently cashed the check, while in the present case the money was paid to a subsequent indorser and suit was brought against the R bank which had not received the drawee's money. Secondly, in *Peoples Bank v. Franklin Bank*, the check was made payable to one M and the indorsement by M was also a forgery. In order to cash the check it was necessary that it be indorsed by him and it was incumbent on the cashing bank to see that the indorsement was made and that it was genuine. In the present case, however, the check was made payable to F or bearer, it was not necessary that it be indorsed at all and not necessary that the holder should be identified. The court said that in *Peoples Bank v. Franklin Bank*, identification and genuine indorsement were not only material but absolutely necessary and that failure to require them was negligence; in the present case neither indorsement nor identification was necessary and a failure to require them was not negligence. The liability in *Peoples Bank v. Franklin Bank* was predicated upon negligence which did not exist in the present case. "In this case" the court said "the complainant bank received and paid the check, thereby admitting the check to be correct, and held it for thirty days or more and it is precluded and estopped to deny the genuineness of the signature or to avoid the effect of its act in accepting the check and paying it."

In the case stated by you, a retailer accepted forged checks in payment of merchandise, indorsed and transferred them to a wholesaler, the latter deposited them in bank and later collected them from the drawee, but the passbook was not balanced for eight or ten months, at which time the forgery was discovered and notice thereof given.

If the retailer was not guilty of negligence in acquiring the forged checks, there would be no right of recovery and it is doubtful if he would be held liable, even if he was guilty of the first negligence, in view of the decision in the later case of *Farmers and Merchants Bank v. Bank of Rutherford*, because of the fact that the drawee's money was not paid to him but to a subsequent indorser who was not guilty of negligence and furthermore, because the court seemed to regard the holding of the check for thirty days or more—in your case it was eight or ten months—as one factor in precluding and

estopping the drawee bank to deny the genuineness of the signature. I think, therefore, the chances are against a recovery in this case, even though the retailer first taking the forged checks was guilty of negligence. The drawee bank has not paid its money upon the forged checks to the retailer but to a subsequent good faith holder for value, free from negligence. There would be no right of action against the latter under the Tennessee decisions and I doubt if an action would prevail against the retailer. In the later case of *Farmers and Merchants Bank v. Bank of Rutherford* which was an action against the first taker of the check from the forger—analogue to the retailer in the present case—the decision was that the drawee bank had “no right in law, or in equity and good conscience, to recover,” not only because that bank was free from negligence, but because it had not received the drawee’s money and was not liable to the drawee as indorser, on this point the court saying: “We are of the opinion that the indorser of negotiable paper does not warrant to the drawee the genuineness of the signature of the maker, but such warranty only extends to subsequent holders in due course of trade. The drawee of the check is the party to pass upon the genuineness of the signature of the drawer.” A further ground of non-recovery was because the drawee had held the check thirty days or more. Eliminating the element of negligence of the first taker of the check, which was not present in the *Rutherford Bank* case, but we will assume exists in your case, there would still remain three grounds of non-recovery against the retailer, outlined in the *Rutherford bank* case, namely, (1) the retailer did not receive the drawee’s money (2) he is not liable as indorser and warrantor of the forged check to the drawee and (3) delay in holding the check is an estoppel. I think therefore, the chances for recovery are very slim.

RECOVERY OF MONEY PAID UPON FORGED INDORSEMENT

A drawee bank which pays a check bearing forgery of payee’s signature to a collecting bank which has guaranteed prior indorsements, has a right of recovery from the latter bank of the money paid and the fact that 30 days have elapsed before notice of the forgery was given the collecting bank, such bank having been notified as soon as the forgery was discovered, does not bar the right of recovery.

From Arkansas—We would like to have your advice on the following matter: On February 11, we paid in settlement with our neighbor bank (there are only two here) a check for \$19.21, which they had received for collection from their out-of-town correspondent. The check was drawn on us. A few days ago we discovered that the indorsement was not correct and as the other bank had guaranteed the indorsements to us, we naturally felt that they should refund the amount of the check to us, but they declined to do so and said that we had waited too long to report the matter to them. The check was dated February 4, 1918, and was paid by us on February 11. We did not discover the forged indorsement until our own customer had received the check with his statement and other vouchers and reported the item to us. All of this happened within thirty days. The following is the rubber stamp indorsement the other bank used on the check when we took it from them in settlement:

“Pay to the order of any bank or banker or trust company. All prior indorsements guaranteed. Bank & Trust Co. Ark. Cashier.”

Please tell me just how long a guarantee of this character is supposed to hold and if in your opinion thirty days in a matter of this kind is not a reasonable time. I do not think that the paying bank has any way to know if all the prior indorsements were made by the proper parties and must rely on the guarantee of the presenting bank.

It is well settled by judicial authorities that when a bank pays a check drawn upon it by its customer and afterwards discovers that the payee’s indorsement is a forgery, it may recover the money back from the person to whom the payment was made. *First National Bank v. Northwestern National Bank*, 152 Ill. 296; *Wellington National Bank v. Robbins*, 71 Kan. 748. This right of recovery exists, without any express guarantee of the indorsement, against the owner of the check who has received payment. Where the person receiving payment is a bank, agent of the owner, which holds the check for collection, there is like right of recovery where the prior indorsement is guaranteed. *Second National Bank v. Guarantee Trust & Safe Deposit Co.*, 56 Atl. (Pa.) 72.

The drawee bank is under no obligation, so far as the holder is concerned, to ascertain the genuineness of a payee’s indorsement before making payment and its failure to discover promptly that an indorsement is forged will not bar its right of recovery. See, for example, *Corn Exchange Bank v. Nassau Bank*, 91 N. Y. 74, where the drawee was not notified by the drawer that the payee’s indorsements upon certain checks were forged and it was held the drawee was not estopped by the delay from recovering from the bank to whom the money had been paid, notification of the forgery having been given promptly upon receipt of notice from the drawer. But the notice should be given within a reasonable time after the forgery is discovered. *National Exchange Bank v. United States*, 151 Fed. 402.

It follows from the above that your bank has a clear right of recovery from the bank receiving payment and that the fact that thirty days elapsed before the drawer notified you of the forgery and you, in turn, notified the bank receiving payment, would not bar your right of recovery.

DEPOSITOR’S REMEDY AGAINST BANK PAYING CHECK UPON FORGED INDORSEMENT

Where a bank pays a check upon a forged indorsement and returns the item to the depositor as a paid voucher, the latter’s right of action for the deposit, in the absence of specific statute upon the subject, does not accrue until demand made and the statute of limitations does not begin to run until the bank is in default, unless the bank has disclaimed liability so as to make demand unnecessary, in which case right of action would accrue at time bank is in default by such denial and would be barred within six years.—Question considered whether New Jersey statute providing non-liability of bank to depositor for payment of forged or raised check unless depositor notifies bank within one year after return of voucher, applies to forged indorsements upon genuine checks.

From New Jersey—In the case of a bank paying a check with a forged indorsement, how long after such payment, or the return of the check to the maker, has the maker the right to action for recovery from the paying bank in this state? Is there any statute of limitation?

This question can best be answered by considering the decision of the Supreme Court of New Jersey rendered in December, 1909, in *Pratt v. Union National Bank*, 75 Atl. 312, which was an action by a depositor against a bank to recover money paid upon a forged indorsement of his check. Pratt issued a check on the bank August 9, 1906, and the payee's indorsement was forged thereon by some one in the latter's office. The check was negotiated through several hands and finally was presented and paid September 11, 1906. On November 7, 1906 the bank returned the cancelled check to Pratt with his balanced passbook. Early in the Spring of 1908 the payee notified Pratt of the forgery and on May 23, 1908 he obtained the check from Pratt, giving him a receipt, and presented the check to the bank for payment, which was refused, the bank disclaiming any liability. On October 24, 1908 Pratt sued the bank and obtained judgment, which was affirmed on appeal. The points decided were as follows:

1. It was contended that the judgment should be reversed because there was no evidence that the depositor or any one in his behalf had made demand of payment of the check. Denying this contention, the court pointed out that the subject-matter of the action was not upon the forged check but for the deposit. A deposit being a loan payable on demand, the depositor may not as a general rule maintain an action to recover his deposit until he has first made demand for its payment. But where he has drawn upon the account by check which has been paid upon a forgery of the indorsement, a demand for the payment of the cancelled forged check is not a condition precedent to the depositor's suit for his deposit. The real question, the court said, is whether the action for the deposit can be maintained in the absence of a demand for its payment. While as a general rule demand must be made and until demand made the bank is not in default, yet where a bank has disclaimed liability or where for any other reason demand would manifestly be futile, none need be made. In this case the bank repeatedly denied its obligation with respect to the money represented by the returned check. It would have been useless to make another demand by check or otherwise and none was necessary.

2. It was next urged that the plaintiff was precluded from recovery because of an account stated; that having been put in possession of his passbook and vouchers on November 7, 1906, his silence with respect to the forged indorsement on the check converted it into an account stated by reason of his negligence in failing to exercise reasonable diligence in discovering the forged indorsement. Denying this contention, the court said the underlying principle is that, having paid a check, the bank cannot charge the amount against the depositor unless it shows a right to do so on the doctrine of estoppel or because of some negligence of the depositor. The depositor was under duty to exercise reasonable care and diligence to examine the returned vouchers and inform the bank of any errors. But reasonable diligence may often be ineffectual to discover forged indorsements, and where, in the present case, the depositor was unacquainted with the payee's signa-

ture, there is no ground for claiming he ought to have known it. He, therefore, did not fail in his duty, but indeed was entitled to assume that the bank, before paying the check, had ascertained the genuineness of the payee's apparent indorsement.

3. It was further urged that the depositor was estopped by his failure to give notice to the bank within a reasonable time of the forgery of the payee's signature after discovery thereof. But the court said that assuming without deciding, there was an unreasonable delay on the part of the depositor in reporting the forgery after the discovery, the rule established by the majority of cases, although there is some conflict, is that a depositor's delay in giving notice to the bank of a forged indorsement of his check after he discovers it will not be a defense to his action against the bank to recover the amount of the check unless the bank was injured by the delay. The burden of proof that the bank sustained damage or injury by the negligence of the depositor is upon the bank, and as there was no evidence in the present case and no attempt to show that the bank was injured or its rights affected by the delay, the depositor was not estopped from recovery because of such delay.

Reviewing the above decision with reference to the question presented as to the time limit within which a depositor must sue the bank for the money paid upon a forged indorsement, it would appear that apart from specific statute on the subject, assuming there is no negligence or estoppel of the depositor, no right of action would accrue until demand made for the deposit and the statute of limitations would not begin to run until the bank was in default. But in any case where the bank has disclaimed liability, the denial of its obligation would make a demand unnecessary, and it would seem, although the point is not specifically passed upon in the case cited, that a right of action would immediately accrue and the statute of limitations would immediately begin to run, whether the denial of obligation be regarded as a breach of contract to repay, or a conversion of the depositor's money. In any case, therefore, where, by reason of denial of liability, no demand was necessary, I think the right of action would accrue at the time the bank was in default by such denial and would be barred, under the New Jersey statute, within six years thereafter, unless the following special statute on the subject is held to apply to actions by depositors against banks for money paid on forged indorsements.

By Act of New Jersey of April 13, 1908, it is provided that

"No bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment such depositor shall notify the bank that the check so paid was forged or raised."

The above statute has been enacted in a large number of states at the instance of the American Bankers Association working through state organizations, but in promoting the enactment of such statute it was conceived that it had application only to checks which were forged or raised and not to genuine checks upon which the payee's or other indorser's signature was a forgery. In some of the states the time limit in such statute is fixed at three months, or at a shorter period than a year. The statute was designed to protect banks where depositors receive their paid vouchers from the bank and fail to notify

the bank of a forgery or raised amount within the reasonable time fixed. The depositor, when his check is returned forged or raised, can immediately tell from inspection of the check whether his signature has been forged or from data in his possession whether the amount has been raised or the face of the check otherwise altered. He has not the same means, whenever he is unacquainted with the signature of the payee, of ascertaining that the indorsement is a forgery, hence the intention underlying the promotion of this statute was simply that it should apply to matters of forgery upon the face of the check which it was the depositor's duty to detect and not to forgeries of indorsements on the back of genuine checks, as to which the depositor might have no knowledge in his possession.

But this statute was interpreted to the contrary in the very case of *Pratt v. Union National Bank* which we have been considering. The bank, in defense, urged that there could be no recovery because no notice had been given to the bank of the forgery within one year after the return to the depositor of the voucher. The court held the statute inapplicable, not because a forged indorsement was not within its terms but because the statute had not been enacted at the time the cause of action accrued. It said:

"The statute in question contains no express language indicating that it is to have a retroactive effect, nor is there any such necessary implication. The action in question accrued before the statute was enacted. To give it effect in this case would deprive the plaintiff of his existing remedy, for he did not discover the forgery until after the time limited by the statute had elapsed. It will be presumed that such was not the intent of the Legislature. To avoid such a result we should give the statute a prospective operation. We are of the opinion, therefore, that it does not affect this suit."

According to the above, had the statute been in force it would have governed the transaction and would have deprived the depositor who did not discover and notify the bank of the forgery of the payee's indorsement upon his check until more than a year after the same was returned to him as a voucher, of his remedy.

I think it a little doubtful whether this statute, upon full consideration, will be held to apply to actions by a depositor against his banker for money paid on checks bearing forged indorsements. If the courts of New Jersey adhere to the interpretation of the statute declared by the court in *Pratt v. Union National Bank*, then the depositor would have to notify the bank within one year, or be barred from thereafter bringing an action for the amount of the deposit; otherwise the conclusions above reached would apply.

APPLICATION OF DEPOSIT TO CUSTOMER'S UNMATURED NOTE

Bank which holds unmatured note of depositor secured by Liberty bond, purchased with proceeds of note, cannot retain a portion of depositor's balance, before maturity of note, as additional security for its payment, in the absence of express contract.

From South Dakota—During the second Liberty Loan drive we made a special rate to our customers subscribing to the loan and having to borrow the money with which to pay for their bond. One of our customers handled in this manner subscribed for a \$100 bond giving his note due October 23, 1918, for the full amount of the loan subscribed for, or \$100. This party has now disposed of all of his property in this locality and moved to the southeastern part of the state and we do not know but that he may move out of the state, as he has nothing definite in view. The other day he wrote us to forward the balance of his account to him at ———, South Dakota. We then applied \$10 of his account on his note to protect us against any loss on the bond and sent him the balance explaining the matter fully to him that if he so desired he could sell his bond at this time at market value and we would then send him the balance due him in the transaction or he would have \$10 less to pay when he took up the note and we delivered the bond. He is not considered a very good risk financially, so we figured that we were within our rights in taking this means of protection; however, he has taken offense at our action in the matter and has placed the matter with attorneys for collection. The question is can we hold the money thus appropriated until he pays the note or disposes of the bond?

As I understand the transaction, you loaned your depositor \$100, taking his note therefor, payable October 23, 1918 and holding his \$100 Liberty bond, which he purchased with the money borrowed, as security for the note. You now seek to hold \$10 of his deposit balance as additional security for the note, in view of the fact that the bond is a little below par, while he seeks to withdraw the entire balance.

It is the well settled rule that the right of a bank to apply a deposit to payment of a debt due by the depositor to the bank does not exist until the debt matures; that the bank has no right to set off an unmatured debt against the deposit. In some states where the depositor becomes insolvent, insolvency creates the right, but in your case it does not appear that the depositor is insolvent. He has simply removed to another locality.

Unless you have some contract with the depositor which gives you a lien on his deposit balance as security for the payment of the note, in addition to the lien which you have upon the Liberty bond, I think a court would hold you would have no right to retain \$10 from your depositor's account as additional security for the note.

TRUST COMPANY SECTION

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REMSEN CHARTS READY APRIL 20

The Remsen Charts on Planning and Testing Wills Before Death will be ready to offer to members April 20, in accordance with the recent notice sent to all trust companies. The entire series will sell for \$6.50 and requests for them should be addressed to Leroy A. Mershon, Secretary, Trust Company Section, A. B. A.

Preliminary Digest of Trust Company Questionnaire

In order to convey some idea regarding the information which has been received in response to the series of questions relating to the management and up-building of trust company business, recently forwarded to trust companies throughout the country, a brief preliminary survey of a portion of the material is presented herewith.

In reply to the question: "Do you transact a trust business?" 80 per cent. of the reporting companies answer "Yes," while 20 per cent. state that for various reasons they do not exercise these powers. Of this latter number a large proportion have the privilege, under their charters, to handle trusts, but have not become equipped actively to promote trust business because of the expense and risk involved, as well as the slow growth attendant upon the exercise of fiduciary powers. These reasons are reported particularly from the newer developed portions of the country, where individual wealth is small in comparison with that of the older sections.

Some of the characteristic remarks by companies in reply to this question are: "Legally, yes—practically, no." "Authorized, but can do very little of this kind of business in a small town." Several companies in response to this question estimate the possible returns from the exercise of trust functions, and state that a careful analysis of the field does not as yet justify the expenditure for the necessary equipment and help safely to promote this class of business. A number of other companies are, however, most aggressive in aiding the development of their own localities, with the clear purpose in view of conserving this wealth through a corporate management of estates, as soon as such wealth justifies the establishment of a separate equipment for the care of such business.

In response to the question: "Do you have periodic meetings of your officers and department heads?" 48 per cent. report "yes" and 46 per cent. "no." The remainder of the reporting companies either make no reply

to this question, or explain that such meetings are only "occasional," or that they are held "when needed."

In reply to the question: "Have you a club or other feature whereby your employees come together periodically for the discussion of daily problems, betterment of methods, etc.," the surprisingly large proportion equalling 86 per cent. of the reporting companies answer in the negative!

Only 9 per cent. indicate that they maintain such activities. One company reports that they "have a monthly dinner for the members of their trust department." Another company states that they "meet each month to discuss topics pertaining to their banking department," while another company states that they "had one last year." A number of companies report that they have rooms furnished for the use of their employees, containing banking periodicals, books, etc., while several institutions state they have separate dinners two or three times a year for all officers and employees, at which time talks are given on financial subjects. One company in Pennsylvania reports that each month after the directors' meeting a director who is a representative of the school of salesmanship gives a talk to the employees on business methods, etc.

A further analysis of the replies regarding meetings of officers, department heads, or employees, discloses the interesting information that these features are most actively promoted in the states of Connecticut, Illinois, Indiana, Iowa, Massachusetts, Missouri, New Jersey, New York, Ohio, and Pennsylvania. None of the states in the Far West or South report much activity along these lines.

To the question: "Do you maintain a pension fund or other welfare work?" only 4 per cent. reply in the affirmative, while 92 per cent. state "no." One company in California reports that they have a pension association for thrift and educational investment; while a company in Iowa states that they have a profit-sharing system in which officers and employees join. A Massachusetts company has a system for the distribution of earnings. Several companies, in reply to this question state that they present an annual bonus to their employees in lieu of the establishment of a pension fund. From the replies received, companies in Pennsylvania appear to be promoting this feature more actively than in any other state.

Only 11 per cent. of the companies report that they have any educational work for their employees, while 84 per cent. report that no such plan is in operation. Lack of space for the publication of this brief resume forbids extended comment at this time upon this phase of trust company management. Several of the companies, however, indicate that this work is in contemplation, and also that the work of the Correspondence Chapter of the American Institute of Banking is quite generally encouraged.

In reply to the question as to employees taking the

American Institute of Banking or other similar course of study, 34 per cent. indicate that employees are taking such course, while 61 per cent. indicate they are not. Of the companies reporting, the proportion of men indicated as having graduated from such course of study is only 19 per cent, while 72 per cent. are indicated as having failed to pursue the course to its conclusion.

In regard to the publication of a house organ or other periodical, only 4 per cent. report the publication of such an organ, while 92 per cent. state that they do not issue such periodical.

In answer to the question: "Have you a library?" 31 per cent. report "yes," 67 per cent. report "no."

In answer to the question: "Do you maintain a dining room?" 93 per cent. report no facilities in this connection, while 4 per cent. indicate such a feature.

Upon the important question as to any system of medical examination only 2 per cent. indicate that it is their practice to carry out such a system, while 96 per cent. have no plan in this respect.

As to assistance in connection with summer vacation plans, 11 per cent. of the companies reporting indicate having a plan for making suggestions along this line, while 80 per cent. of the companies reporting make no suggestions or give assistance in this connection.

9 per cent. of the companies report the maintenance of a "Suggestion Box," while 87 per cent. do not have such a feature. In answer to the question: "Have you any men in the military or naval service, and how many?" 52 per cent. of the companies report men in the service, while 45 per cent. of the companies have not as yet been affected.

In 82 per cent. of the companies a safe deposit department or separate company is maintained, while 15 per cent. report no such department or company. As to the companies maintaining branch offices only 12 per cent. report that they do maintain such offices, while 82 per cent. report that they do not.

The practice of mailing periodic statements to customers in the banking department is reported as being done by only 59 per cent. of the companies, while 36 per cent. report that they have not as yet undertaken this service. The question in regard to having representatives at the convention of the state bankers associations brought forth the information that 74 per cent. of the companies do send such representatives, while 18 per cent. do not, and at the convention of the American Bankers Association, 33 per cent. of the companies report representation, while 53 per cent. fail in this respect.

THE INTEREST RATE DISCUSSION

By Francis H. Sisson

Vice-President Guaranty Trust Co. of New York

With the trust companies of New York lined up unanimously in favor of its plan, the New York Clearing House Association, at a meeting held March 19, adopted an amendment to its constitution establishing maximum rates of interest to be allowed on various classes of deposits.

While only Clearing House members could act directly upon the amendment, the trust companies in a series of conferences called by Charles H. Sabin, President of the

Guaranty Trust Company, which included both member and non-member companies, had determined their own position on the question and through their Committee, in conference with the Clearing House Committee, co-operated in shaping the action taken. The trust companies committee which acted in this matter included the following:

Charles H. Sabin, chairman.

Howard Bayne, vice-president, Columbia Trust Co.

Edwin P. Maynard, president, Brooklyn Trust Co.

Edward O. Stanley, vice-president, Title Guarantee & Trust Co.

James N. Wallace, president, Central Trust Co.

Alvin W. Krech, president, Equitable Trust Co.

By the terms of the amendment which was finally adopted, the present maximum interest rate upon bank deposits in New York will be $2\frac{1}{4}$ per cent., with the Federal reserve discount rate $4\frac{1}{2}$ per cent. While it is not stated in this manner the maximum rate on interest to banks will be one-half the discount rate as indicated in the following table:

When Reserve Bank Discount Rate for 90 Days is	The Maximum Rate That May be Paid is
2 per cent.	1 per cent.
$2\frac{1}{2}$ per cent.	$1\frac{1}{4}$ per cent.
3 per cent.	$1\frac{1}{2}$ per cent.
$3\frac{1}{2}$ per cent.	$1\frac{3}{4}$ per cent.
4 per cent.	2 per cent.
$4\frac{1}{2}$ per cent.	$2\frac{1}{4}$ per cent.
5 per cent.	$2\frac{1}{2}$ per cent.
$5\frac{1}{2}$ per cent.	$2\frac{3}{4}$ per cent.
6 per cent. or above	3 per cent.

The Clearing House Committee concluded its report recommending action, as follows:

The Committee desires to call attention particularly to the fact that the amendment regulating rates of interest on deposit states only the *maximum* rates members and non-members are allowed to pay, and *does not* compel them to pay the maximum rates; but on the contrary allows entire freedom of action provided the maximum rates are not exceeded. The proposed amended article complies with the suggestion of the Federal Reserve Board, that the interest rates allowed should be based upon the discount rates fixed by the Federal Reserve Bank and further complies with their expressed views of the two objects of the Federal Reserve Board; first, to bring about a cessation of competitive bidding for deposits; and, second, to reduce to a conservative level, interest rates which under prevailing conditions, have been, in its opinion, unduly advanced.

The Committee believes that the proposed amendment will accomplish these results and tend to reduce competition with the government in financing the war.

The action taken by the New York banks was upon the earnest recommendation of the Federal Reserve Board and in its final form approved by them. In a letter to the Committee Mr. W. P. G. Harding, Governor of the Board, expresses his approval and the belief that the plan adopted will serve to prevent unhealthy competition among banks for deposits:

"The proposed amendment to your by-laws has been considered by the Federal Reserve Board, and while the board regrets that it has not proved practicable to reach an agreement providing for an interest schedule based on a maximum of 2 per cent. for bank balances, it appreciates the difficulties which have been in the way of reaching such an agreement. The board understands that no bank or trust company will be obliged to increase any lower existing rates, but that the rates proposed are maximum rates, to which level any higher rates now obtaining must be reduced; and it is gratified to know that the plan proposed will, if adopted, materially reduce

the average rates of interest now being paid by banks and trust companies on the various classes of accounts—namely, bank balances, open accounts, certificates of deposit payable on demand and time deposits and certificates.

The schedule, therefore, is a revision downward instead of upward, and while the board fears that unless thoroughly explained and understood its adoption may result in an advance of rates by some of the interior banks, it feels that a distinct gain has been made in the promotion of a spirit of harmony and unanimity among the New York City institutions which ought to be instrumental in preventing any runaway competition throughout the country, which the board will use every effort to forestall.

In view of all the circumstances, therefore, the board will make no objection to the revised plan proposed, and it sincerely hopes that your committee's view of the results will prove correct.

It is the feeling of the trust companies that the sweeping plan first proposed affecting all domestic balances was decidedly opposed to their interests and while quite willing to co-operate in any plan to prevent unsound competition for deposits, they felt that the nature of their business, the character of many of their deposits and existing conditions in the money market should be borne in mind in any conclusion reached. Upon their request action was deferred until their views could be crystallized and their position defined. Representatives of the various companies were brought together by Mr. Sabin in a series of conferences in which this was accomplished, so that the action finally taken by the Clearing House Association meets with their full approval.

The Federal Reserve Board has stated that it will use its influence to bring about similar action by other clearing house associations, in order that there may be no unfair discriminations in interest rates throughout the country. This action they believe to be necessary in the interests of the country's financial program and the patriotic spirit of the banks is trusted to assure harmonious co-operation to that end.

MORTGAGE PARTICIPATIONS—LEGAL TRUST INVESTMENTS FOR TRUST COMPANIES

By Orrin R. Judd

Trust Officer, Columbia Trust Company, New York

Real estate mortgages have always and everywhere been recognized by the law as ideal investments for trust funds. It is often difficult, however, to find a mortgage to suit the sum to be invested. This is especially true in large cities, where real estate values are high, and small mortgages suitable for the investment of small or comparatively small estates are rarely obtainable. Trust companies with numerous estates and funds to invest have therefore long made it a practice to apportion interests in a single large mortgage among several different trusts, retaining as an investment of their own funds such portion of the mortgage as may not be needed for the trust investments. Small funds have thus been promptly set at work to earn a good income for their beneficiaries. This practice, however, was without specific legal sanction, and the trust companies have been held to be guarantors of such investments.

In 1916, the Code of Civil Procedure of the State of New York was amended so as to make the mingling of trust funds by executors, administrators, guardians or testamentary trustees a cause for removal, and also a misdemeanor. Although the author of this law disclaimed any such intention, it was held by trust company counsel that the law applied to mortgage investments represented by participations, and stamped them as improper beyond question, besides imposing a severe penalty upon the trust company making such investments. The attention of the legislature was called to this situation in 1917, and a bill was passed and approved by the governor to legalize mortgage participations, when issued by trust companies under proper safeguards, as investments for trust funds. This law has met with very general approval. The combining of trust funds to make a larger and more satisfactory investment than could be made of the funds of one trust alone, is of great importance and value to the beneficiaries of the several funds. When the trusts are all held by the same trustee, and that trustee is a trust company of undoubted financial responsibility, there is no possible conflict of interest and there can be no question of the wisdom of permitting and even encouraging such investments. This policy has been legally recognized and authorized by statute in New York, Ohio and California. The Ohio law provides as follows:

In the management of money and property held by it as trustee, under the power conferred in the foregoing sections, such trust company may invest them in a general trust fund of the corporation. But the authority making the appointment, upon conferring it, may direct whether such money and property shall be held separately or invested in a general trust fund of the corporation; except that such corporation shall follow and be governed by all directions contained in any instrument under which it acts.

The New York law, known as Chapter 385 of the Laws of 1917, adds the following provision to subdivision 7 of section 188 of the Banking Law:

Investments in bond and mortgage by any such corporation (trust companies) as executor, administrator, guardian, personal or testamentary trustee, receiver, committee or depository may be made by apportioning to any estate or fund held by such corporation in any of such capacities a part interest in a bond and mortgage held by or in the name of such corporation, individually or in any representative capacity, and any such part interest may be repurchased at its face value by such corporation individually or in any representative capacity; but such bond and mortgage shall be a legal investment for trustees under the laws of this state and the records of such corporation shall at all times show every interest in the said bond and mortgage and any part interest in such bond and mortgage so apportioned shall at all times be and remain at least equal in lien to any other interest therein and such corporation shall promptly notify each person of full age and sound mind entitled to the income therefrom of the fact that such investment has been made. Any moneys of any such estate or fund awaiting investment or distribution may be held on deposit by such corporation in its own name, subject to the provisions of subdivision eleven of this section; provided that appropriate entries showing the share or interest of each such estate or fund in the moneys so held on deposit shall, at all times, appear upon the records of such corporation.

SAVINGS BANK SECTION

OFFICERS OF THE SAVINGS BANK SECTION

PRESIDENT

JOSEPH R. NOEL, President Noel State Bank, Chicago, Ill.

FIRST VICE-PRESIDENT

VICTOR A. LERSNER, Comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.

SECRETARY

MILTON W. HARRISON
Five Nassau Street, New York City.

PROTECTIVE INVESTMENTS

The interest manifested by the savings banks of the country in the campaign being conducted by the Savings Bank Section for the purpose of urging investment by savings banks in liquid securities is most gratifying. In acknowledgment of the Confidential Bulletin sent to the savings banks, Governor Harding of the Federal Reserve Board States:

"I am in entire accord with Mr. Warburg in the view that it would be a good thing for savings banks to distribute their investment risks by carrying a part of their assets in liquid paper, such as bankers' acceptances, instead of utilizing their funds exclusively in purchases of corporate, municipal, and government bonds, and in making long time loans on real estate."

The acknowledgment of M. C. Elliott, Counsel for the Federal Reserve Board, is also interesting. Judge Elliott states:

"The proposition that a necessity exists for investing a reasonable proportion of savings bank assets in liquid securities seems to me so obviously correct it should need little argument to support it.

"The usually large balances carried at interest by savings banks with other banks evidences the fact that the savings banker recognizes the necessity of having available resources which may be promptly converted into cash. If such banks are permitted to carry some proportion of their assets in liquid securities they will earn a larger return than should be earned from interest on deposits and will at the same time be in a position to convert such securities into cash almost as readily as they can convert bank balances.

"From the standpoint of the savings bank, therefore, this course seems clearly advisable and its adoption would necessarily strengthen our banking system since it would place the savings banks in a position to respond more readily to demands made upon them without having to rely on other institutions."

Of course, the particular point in question presents manifold difficulties. The intricacies of state laws, and the apparent hopeless conflict between the states relating to investments for savings banks present a big problem. As a result of one state's law and the attitude of a savings banker, the following discussion is pertinent:

"Admitting the importance of a larger proportion of liquid assets it is necessary to consider the question in the light of existing conditions. These conditions are the result of legal restrictions. Even if these restrictions were immediately removed or modified the resulting conditions could not change very quickly in savings banks, the flow of funds being relatively slow.

"It has been possible under present laws for savings banks to maintain themselves in a fairly good position as to nearby maturities of municipalities, and I believe most banks have held fair amounts of such short obligations which should relieve them from the charge of investing exclusively in non-liquid assets.

"It is true that these municipal obligations are generally longer than 90-day maturities and not technically liquid in the ruling of the Federal reserve bank. But

in the final consideration, a savings bank is and always must be primarily an investing institution.

"Any condition of the financial world which prevented savings banks from paying on demand, would seriously influence our whole financial structure. Why should this not be recognized by the Federal reserve system, now the keystone of that structure? Such an institution cannot have liquid assets in the same proportion as a commercial bank. Under ordinary circumstances they are not needed and would be undesirable. A connection of savings banks with the Federal reserve system which would not provide for more than the re-discount of 90-day paper, would be totally inadequate because of the small amount of such paper savings banks could hold.

"With a full recognition of the correctness of the principle on which the Federal reserve system is organized for its re-discounts to member banks, it is my opinion that some modified membership plan should be extended to mutual savings banks and that this plan should provide for advances upon non-liquid investments.

"I believe that limits and safeguards could be established which would avoid the creation of a dangerous position and that the existence of such a privilege would bring about great stability and confidence and that in practice the privilege would be but seldom used."

A number of managers of savings banks very carefully invest funds with the object in mind of having a certain proportion in short term securities to insure some degree of liquidity. This has been manifestly wise. For example, a bank in Maryland invests a certain proportion of its funds in short-date securities, such as serial municipal bonds or railroad equipment obligations; this policy supplies them with a large amount of cash every year amounting to about 5 per cent. of their resources; in addition they aim to have on hand usually about 6 per cent. in cash, and with an income of approximately 5 per cent. of their resources, they have a fairly large percentage of money coming in every year.

It has also been the policy of this institution to carry a large block of United States bonds. About a year ago they had nearly 7 per cent. of their resources thus invested in the fours of 1925; these holdings, through the circulation privilege would supply them quickly with an amount of currency equivalent to their face value by loaning or selling them to the national banks with which they do business; to this may be added the mortgage loan liquidations, which often amount to 4 or 5 per cent. of the total amount of mortgage loans. In these several items you will see that they have a comfortable percentage of apparently liquid assets—approximately 25 per cent. of their deposits—which they have found sufficient for past emergencies. Of course, if all savings banks were in a similar condition, the situation would be happily solved.

It is true that Maryland is under different state laws than New Jersey as well as New York and the New England states. The field of investment for mutual sa-

vings banks in Maryland is virtually unlimited, whereas the restrictions placed upon investments in New Jersey and New York present no opportunity for the extension of investment in short term obligations. Even the equipment note, which is certainly a high-grade security, is precluded from the list of investments in New York.

Even though the state legislatures widened the field of investment for the states above mentioned, it is not conceivable that the savings bankers would show their approval by promptly investing in securities other than those in which they have been accustomed to invest. It is purely a matter of education, and that is the primary purpose of the discussion.

The allusion in the above letter to the savings bank as an investing institution is quite true, but an investing institution should not be confused with a trustee-investor. The obvious point of difference is that a savings institution is required to have available cash for the demands of its depositors. Where a trustee is investing money for a *Cestui que trust*, he is dealing with but one man and the method of the withdrawal of funds is entirely disregarded, whereas in the case of a savings bank, with a vast number of depositors—most of whom believe that the funds that they have deposited are available on demand—an entirely different aspect is presented. Consequently this is the crux of the whole situation which presents the absolute necessity for an adequate proportion of savings banks' assets being in securities that are readily liquidated.

To be sure, the ideal way for a savings banker to invest is to so plan maturities as will insure a steady flow of funds that will supply all demands, ordinary and extraordinary. Under the present system where we have a Federal reserve bank to depend upon, even the deposit of a large proportion of savings banks' assets with a commercial bank at a relatively low rate of interest may follow the point made by Judge Elliott in his letter above set forth. As he suggested, it might be better to invest the amount ordinarily kept in cash in vault and in bank in excess of 3 per cent. in eligible commercial paper or bank acceptances.

It is true that "any condition of the financial world which prevented savings banks from paying on demand would seriously influence our whole financial structure." There is no doubt but that the administration has the savings banks very much in mind. The personal interest of President Wilson has been manifested on a number of occasions. Several members of the Federal Reserve Board have told the writer of their substantial interest in the problems which the savings banker is facing. However, it may be very well seen that it would be highly erroneous for the Federal reserve system to accept for re-discount anything but the character of paper as provided in the Federal Reserve Act. To provide the essential liquidity, everything accepted for re-discount must arise out of a commercial transaction where commodities are produced, moved and consumed, and if there were injected into the system long term obligations, the funds of which have been utilized to build the machinery of business and not to produce, move and consume the things that business stands for, it perhaps would be tantamount to "throwing the monkey-wrench into the machinery."

Of course, if we do not expect in the future to associate ourselves with the Federal reserve system, the matter which we are discussing would manifestly be aim-

less. However, every banker must admit the absolute need of insurance. The Federal reserve system provides adequate machinery of insurance against all sorts of financial depression. Hence it is a desirable thing to first insist upon the maintenance of economic principle with respect of the note issue powers of the Federal reserve banks as well as credit extension. The Federal Reserve Board jealously guards this principle, and any proposed encroachment upon it is to be deprecated.

Mr. Henry G. Atha, president of the Security Savings Bank, Newark, N. J., the writer of the above letter, in answer to similar views as above expressed, suggested the following:

"It is possible even under the present laws to achieve liquidity to a fair degree, and with the large issues of municipalities of temporary loan bonds in anticipation of taxes and assessments and of United States government temporary certificates this is much easier now than at any other recent time for banks which have growing deposits, or maturing investments. If they are shrinking of course it cannot be done. Shrinking is always a painful process.

"To illustrate that it is possible to have a fair proportion of such liquid assets I will cite our own condition in the Security Savings Bank.

Deposit liabilities.....	\$6,044,470
Municipal obligations maturing on or before December 1, 1918....	\$240,000
U. S. government temporary certificates maturing on or before May 28, 1918.....	30,000
Collateral loans on demand (actual demand and saleable collateral)	100,000
Cash on hand and on deposit.....	323,450
Liberty loan bonds.....	134,050
	<hr/>
	\$827,500

"This is almost 14 per cent. of deposits without considering the current income.

"Of course, I recognize that Liberty loan bonds are not technically liquid, but they should always be available as collateral especially if it is a savings bank that requires the loan.

"Aside from this we have had in the past six months mortgage liquidations of \$139,550. I do not include this in the above figures because there is no assurance that this will continue in a similar amount.

"Now upon the proposition that a savings bank is an investing institution I wish to remind you that I very carefully added the qualification, 'primarily.' I fully recognize its difference in position to that of the trustees of an estate.

"Probably the foregoing figures sufficiently indicate that a savings bank can be reasonably liquid without any change of the law. It is not that I object to a change in the law widening the range of legal investments, but that I agree with you when you say that the banks would be slow to avail themselves of the opportunity. I thoroughly agree with you in principle when you propose that savings banks must put their house in order as a condition to any association with the Federal reserve system. But I think you set up a standard which would not be practicable and limitations in re-discounting or granting of loans which would be meager and inadequate.

"I believe that whatever connections savings banks might have with the Federal reserve system should be so devised that beyond the savings banks' carrying deposits with the Federal reserve bank, there should be no inducement to other transactions, that is no re-discounts or loans except in times of extreme emergency.

"I suggest that the Federal reserve bank should require as a condition for limited membership, a certain standard of semi-liquid assets, say maturities of nine months or less and give savings banks the privilege of borrowing on securities on such terms that the privilege would be unprofitable and could only be used in great emergency.

"This would be somewhat in line with the Aldrich-Vreeland law but could be far more restricted. I do not agree that it would be 'throwing a monkey wrench into the machinery.' The machinery would be all but stopped anyway under the conditions I contemplate. It to my mind, would be like a physician injecting a powerful stimulant into an exhausted patient, a stimulant which would be fatal if continued after the patient was returning to normal. Please do not understand that I expect these alarming conditions. I do not.

"But I think the best way to prevent them is to adopt a plan which would provide a remedy in advance. I think another great advantage of such a plan would be that it would enable savings banks to carry less uninvested cash in national banks and trust companies.

"I think it is customary for savings banks to carry far larger deposits than the ordinary course of their transactions require and that it is done (and wisely done) to establish a claim for accommodation if the necessity should arise."

This thought that Mr. Atha has given to the subject is most valuable. His "line up" of investments that promote a liquid condition for his institution would most certainly insure safety and soundness through any distress.

A meeting of the Administrative Committee of the Section was held in the office of the Section, Tuesday, March 5, 1918. There were present Messrs. Noel, Lersner, Strong and Harrison. The campaign for greater liquidity of savings bank assets was discussed and plans were made to follow up the campaign.

A WORTH WHILE INVESTMENT

Every bank conducting a savings business should by all means secure a copy of the "Book of Forms for Savings Banks and Savings Departments in Commercial Banks and Trust Companies." It contains the very latest forms for the operation of a bank. No bank should be without one. There are but few remaining, and the Section is selling them at \$4 per copy. If any bank desires one, they may secure it by sending in their check for the above amount to the Secretary of the Savings Bank Section.

The following is an excellent report which deserves consideration:

WAR SAVINGS REPORT FOR WEEK ENDING MARCH 1, 1918

Name of School	Number Pupils Registered	Owners of One or More W. S. S.	Percentage of Pupils Owning W. S. S.	Non-Depositors	Deposits for One Week	Total Deposits, Nov. 9, 1917, to Date
Elm.....	368	254	69.0	0	\$37.36	\$430.06
Fourth.....	486	358	73.6	44	58.77	681.61
Grove.....	634	529	84.3	1	96.63	1,009.49
Hill.....	146	122	83.4	8	25.19	252.91
Holbrook.....	274	251	92.7	0	59.37	775.28
Lincoln.....	551	436	79.1	9	85.28	1,016.71
School.....	158	135	85.3	0	31.31	369.82
High.....	412	397	96.3	15	211.75	1,337.50
Totals.....	3,029	2,482	819.0	77	\$605.66	\$5,873.38

R. T. TOBIN,

Superintendent of Schools, Ansonia, Conn.

COUNTRY BANKS DOING THEIR BIT

MOUNDSVILLE, W. VA., March 22, 1918.

EDITOR, JOURNAL OF AMERICAN BANKERS ASSOCIATION.

SIR—This letter is prompted by reading the extract from the New York Sun published in your recent issue as to "Country banks not taking their full quota of United States Treasury certificates of indebtedness, etc." We do not want to stand under indictment and beg to inform you that we are doing our BIT.

On February 8, the date of the first issue of certificates after Mr. McAdoo's telegram, our deposits exclusive of War Loan Deposit Account, totalled \$947,682.61. Upon subsequent dates of issues, now three in all, our deposits varied some little but our quota on the basis asked by Mr. McAdoo amounted to \$57,800, and our subscriptions have been \$66,500—so you see we are OVER THE TOP.

Here is our record of purchases of Liberty Loan bonds and certificates of indebtedness to date for ourselves and customers, which we count as no small sum to pass through our channels to the government, viz:

Liberty Bonds.....\$157,750
 Certificates..... 345,500
 Total.....\$503,250

The above represents an amount equal to 50 per cent. of our gross deposits at last statement call.

Count us as on the firing line in your summary to the Sun!

JAMES A. SIGAFOOSE,
 Cashier, Marshall County Bank.

CLEARING HOUSE SECTION

OFFICERS OF THE CLEARING HOUSE SECTION

PRESIDENT

JOHN McHUGH, Vice-President Mechanics & Metals National Bank,
New York, N. Y.

VICE-PRESIDENT

STODDARD JESS, President First National Bank, Los Angeles, Cal.

CHAIRMAN EXECUTIVE COMMITTEE

THOMAS B. MCADAMS, Vice-President Merchants National Bank
Richmond, Va.

SECRETARY

JEROME THRALLS, Five Nassau Street, New York City.

MONTHLY CLEARINGS

New York Clearing House Regulates Rates on Bank Balances

In line with sound banking principles, and prompted by a patriotic desire to aid the government in its program of war financing, the New York Clearing House Association adopted a rule on March 19, 1918, limiting the interest rates that may be paid by its members and others enjoying the privileges of the Clearing House. The new rule provides:

A.—That when the ninety-day discount rate on commercial paper at the Federal Reserve Bank of New York does not exceed 2 per cent., the associated banks and trust companies of New York city may pay interest not to exceed 1 per cent. per annum on bank balances payable on demand (except a higher rate not to exceed 3 per cent. per annum may be paid on such balances due to mutual savings banks in the second Federal reserve district only);

B.—That when the ninety-day discount rate on commercial paper at the Federal Reserve Bank of New York exceeds 2 per cent., then the associated banks and trust companies may pay interest on bank balances payable on demand at a rate in excess of 1 per cent. by an amount of one-quarter of 1 per cent. for each one-half of 1 per cent. that said discount rate exceeds 2 per cent., but in no case shall the rate paid exceed 3 per cent.;

C.—That the rate of interest paid by any associated bank or trust company of New York city on balances payable on demand to any mutual savings bank in the second Federal reserve district, or to any person, persons, copartnership, corporation or association, other than a banker, bank or trust company shall in no case exceed 3 per cent. per annum.

D.—That in no case shall any associated bank or trust company pay interest in excess of 3½ per cent. per annum on any time certificates of deposit or any credit balance payable after thirty days, and

E.—Any associated bank or trust company that pays or agrees to pay interest at rates higher than specified in A, B, C or D shall be subject to a fine of \$5,000 and shall be subject to expulsion from the Clearing House for the second offense.

Text of the Amendment

Following is the text of the amendment:

No member of the association, or bank or trust company or others clearing through any member, shall agree to pay or shall pay, directly or indirectly, on any credit balance payable on demand or within thirty days, or certificate of deposit so payable, by its terms, issued to or for the account of any bank (other than a mutual savings bank located in the second Federal reserve district), trust company, or other institution conducting a banking business, or private banker or bankers, located in the

United States or Dominion of Canada, interest at a rate in excess of 1 per cent. per annum when the then ninety-day discount rate for commercial paper at the Federal Reserve Bank of New York is 2 per cent. or less, and an additional one-fourth of 1 per cent. for every one-half of 1 per cent. that such discount rate of the Federal Reserve Bank shall exceed 2 per cent., except that the maximum rate paid or agreed to be paid on any such credit balance or certificate of deposit shall not in any case be higher than 3 per cent. per annum; nor shall any member or non-member clearing through a member, pay or agree to pay on any like credit balance of, or like certificate of deposit issued to, any mutual savings bank located in the second Federal reserve district, or any person, persons, copartnership, corporation, or association, other than those specified and included above, interest at a higher rate than 3 per cent. per annum; nor on any time deposit, or certificate of deposit payable by its terms later than thirty days from the date thereof, at a higher rate than 3½ per cent. per annum. The foregoing provisions are not intended to apply to the account of, or any certificate of deposit issued to any person or persons residing and transacting business in any foreign country other than the Dominion of Canada, or to any corporation, association, or copartnership organized and located therein, nor to affect such interest rates as are or may be fixed or regulated by law.

The Clearing House Committee upon ascertaining to the satisfaction of a majority of its members that a member, or non-member clearing through a member has violated the provisions of this section shall report their findings to the association, and if approved by a majority vote of all the members of the association the offending member or non-member shall be fined five thousand (\$5,000) dollars. On the second offense the member, or such non-member, shall be subject to expulsion from the Clearing House Association, and the committee will proceed to act as the constitution provides for the expulsion of a member.

This rule has the approval of the Federal Reserve Board. The arrangement for fluctuating rates is scientific, but would be difficult of application except possibly in Boston, Chicago, Philadelphia and St. Louis. A number of the clearing houses have already adopted rules regulating this feature of banking, but in most instances the maximum rate allowed on demand deposits is fixed at a flat rate of 2 per cent., with the maximum on time deposits at from 2½ per cent. to 3 per cent. This is a proper safeguard, and it is hoped that the clearing houses throughout the country will adopt it.

Legitimate Earnings Overlooked

There are a few small accounts in every bank, which, stripped of their influence as a means of controlling business, are carried at a dead loss; along with these, there are scores of other accounts in the medium sized bank that never yield any profit.

Why should Tom Jones' account be made to bear the expense of the service rendered to Bill Anderson?

Why not introduce the minimum balance or monthly service charge idea and make every non-connected account

stand on its own bottom? Certainly no fair-minded patron will expect you to provide him with an expensive check book, keep his records for him, and render the other service demanded, without compensation. Here is what is being done in communities ranging in population from 1,000 to 750,000:

The banks at "A" make a monthly charge of 50 cents against accounts with an average balance of less than \$100;

"B"—50 cents on accounts with balances averaging under \$50.—

"C"—\$1 on accounts with balances averaging under \$200.—

"D"—25 cents on accounts with balances averaging under \$50.—

"E"—25 cents on accounts with balances averaging under \$100.—

"F"—\$1 on accounts with balances averaging under \$100.—and

"G"—50 cents on accounts with balances averaging under \$100.—

"G" is a small city; the banks located therein reported 1,200 unprofitable accounts. These accounts are now yielding a revenue of \$7,200 per annum—an item of profit worthy of consideration.

The Providence Clearing House Boosts the Trade Acceptance

The Providence Clearing House Association adopted the following resolution at its annual meeting, March 6, 1918:

WHEREAS, the United States is at war and the interests and future of the nation can best be served only when the credits of the country are put into such shape as will enable every dollar to exert its maximum strength and service,

WHEREAS, After careful study and investigation and mature deliberation the United States Chamber of Commerce, the American Bankers Association, and the National Association of Credit Men have concluded that the nation-wide use of the trade acceptance will be a means of strengthening the financial system and protecting commerce and industry. They have accordingly appointed a committee from among their members known as the American Trade Acceptance Council whose duty it is to conduct a nation-wide movement to encourage the use of the trade acceptance by business people and bankers.

THEREFORE BE IT RESOLVED, That the Providence Clearing House Association hereby indorses the work of the American Trade Acceptance Council and through its members agrees to encourage the use of the trade acceptance as a means of strengthening the financial system, protecting the commerce and industry of the nation and aiding the government in its struggle for human liberty and freedom.

Making History

Deposits, clearings, etc., are growing by leaps and bounds. Banks throughout the country are making new high records. Definite information as to the growth of busi-

ness week by week will be of tremendous value in the months to come. The plan for accumulating total bank transactions is simple, easy to put into operation, and once started, becomes a mere detail. The figures are a real barometer to business growth and conditions. If your clearing house association is not accumulating and reporting these figures, will you communicate with the Secretary of the Clearing House Section immediately? He will furnish suggested forms—cards on which to report, and full information. A comparative statement of bank clearings and total bank transactions for the first quarter of 1918 will appear in next month's JOURNAL.

Improved Forms—Increased Efficiency

A careful survey of the various departments of any bank may reveal the need for improved forms. Sometimes the change of a few words or lines may mean fewer hours of labor and greater efficiency. The Clearing House Section has prepared a treatise on bank accounting and three hundred valuable suggestions for the use of national and state banks. The cost is only \$5. A copy will be sent to you by the Secretary of the Section on receipt of your order.

Time Is Money—Save It

War is bringing new problems into every department of banking. The number and volume of checks and drafts are constantly increasing—the number of experienced bank clerks is diminishing. Shorter and quicker methods must be adopted in order to meet this situation. The Universal Numerical System affords a means of greatly reducing the work in the transit, bookkeeping, mail, and other departments of the bank. Under this system fifty checks may be recorded by the entry of 250 figures, whereas under the old system a proper record would require the entry of 350 words or 1,800 letters. "The Key"—a cloth-covered book explaining the details of the system will be furnished by the Clearing House Section, 5 Nassau Street, New York City, at cost, \$1.50, or it can be purchased from Rand, McNally & Company of Chicago, the section's numbering agents.

The No-Protest Symbol Plan

Many disputes, claims, and troubles arise on account of tags or stickers covering no protest instructions being detached from checks and drafts in transit. This trouble is obviated by the use of the No-Protest Symbol Plan, which provides a means of automatically conveying instruction through any number of hands to the final paying bank. Tell your neighbor bankers about this plan if you are using it. If not, write to Jerome Thralls, Secretary of the Clearing House Section. He will send you full information. More than 10,000 banks are now using this plan.

NATIONAL BANK SECTION

OFFICERS OF THE NATIONAL BANK SECTION

PRESIDENT

J. ELWOOD COX, President Commercial National Bank,
High Point, N. C.

VICE-PRESIDENT

OLIVER J. SANDS, President American National Bank,
Richmond, Va.

CHAIRMAN EXECUTIVE COMMITTEE

H. H. McKEE, President National Capital Bank,
Washington, D. C.

SECRETARY

JEROME THRALLS, Five Nassau Street, New York City.

Special Meeting of Executive Committee

A meeting of the Executive Committee of the National Bank Section was held in Washington, D. C., Monday, March 11, 1918 for the purpose of rounding up the affairs of the section, considering the bills affecting national banks, then pending in Congress, a digest of which was given in the section's division of the March JOURNAL. The following members were present: Edward S. Brown, New Bedford, Mass.; J. Elwood Cox, High Point, N. C.; Walter W. Head, Omaha, Neb.; H. H. McKee, Washington, D. C.; Oliver J. Sands, Richmond, Va., and E. Kirby Smith, Shreveport, La.

The officers of the section are co-operating closely with the Committee on Federal Legislation, and will appreciate receiving your views and suggestions on pending legislation and other matters of common interest to national banks.

The resignation of Chairman W. M. Van Deusen, who has served as a member of the Executive Committee of the section since its organization, was accepted. Mr. H. H. McKee, president of the National Capital Bank, Washington, D. C., was elected chairman to serve for the unexpired term of Mr. Van Deusen.

Mr. N. P. Gatling, vice-president of the Chatham and Phenix National Bank of New York city, was elected a member of the Executive Committee to serve for the unexpired term of Mr. Van Deusen.

A vote of thanks and appreciation was extended to Mr. Van Deusen for the valuable service he has rendered to the section. He was made ineligible for further service as member of the Executive Committee by severing his connections as an officer of a national bank. He is now a managing officer of the Mercantile Bank of the Americas, New York city.

Growth of National Banks

The comparative statement issued by the Comptroller of the Currency for March showed: fourteen charters granted, capital \$5,500,000; twenty-five banks increased their capital in the sum of \$1,740,000; four banks reduced their capital \$150,000; seven banks liquidated with aggregate capital, \$2,200,000—making the net increase of capital of national banks for the month, \$4,890,000, as compared with \$2,899,500 for the same month of 1917. The number of national banks in operation February 28, 1918, was 7,688—a net gain of eighty-six for the year. 6,179 national banks are members of the National Bank Section.

Implement and Vehicle Dealers Boost the Trade Acceptance

At its meeting, February 27, 1918, the National Implement and Vehicle Dealers Association adopted the following resolution:

RESOLVED, That it is the sense of the Sales Managers Department of the National Implement and Vehicle Dealers Association, that the use of trade acceptance as a means of financing and improving business conditions and reducing costs of collections and losses, be indorsed and encouraged by all manufacturers in the implement industry and allied lines, and be it further, RESOLVED, That manufacturers who are at the present employing a satisfactory system of note settlement, give consideration and encouragement to the general use of the trade acceptance plan, and indorse it as a patriotic business movement.

TRADE ACCEPTANCE COMMITTEES

Representing State Bankers Associations on American Trade Acceptance Council

Alabama:

Oscar Wells, president First National Bank, Birmingham.
A. M. Baldwin, president First National Bank, Montgomery.
E. C. Melvin, president Selma National Bank, Selma.

Arizona:

F. J. Steward, pres. Southern Arizona Bank & Trust Co., Tucson.
T. E. Pollock, president Arizona Central Bank, Flagstaff.
R. E. Moore, vice-president Valley Bank, Phoenix.

Arkansas:

E. J. Mason, secretary Jonesboro Trust Co., Jonesboro.
Jo Nichol, cashier Simmons National Bank, Pine Bluff.
Ed. Cornish, vice-pres. American National Bank, Little Rock.

California:

J. B. McCargar, vice-pres. Crocker Nat'l Bank, San Francisco.
E. W. Wilson, vice-president Anglo & London Paris National Bank, San Francisco.
John U. Calkins, deputy governor Federal Reserve Bank, San Francisco.

Colorado:

F. N. Briggs, president Interstate Trust Co., Denver.
J. C. Burger, president Hamilton National Bank, Denver.
J. G. Houston, cashier First National Bank, Denver.

Connecticut:

W. Perry Curtiss, treasurer Union & New Haven Trust Co., New Haven.
F. S. Chamberlain, cash. New Britain Nat'l Bank, New Britain.
A. Spencer, Jr., pres. Hartford Aetna National Bank, Hartford.

Delaware:

George S. Capelle, pres. Wilmington Trust Co., Wilmington.
Henry Ridgely, president Farmers Bank, Dover.
George H. Hall, president Milford Trust Co., Milford.

District of Columbia:

M. E. Alles, vice-president Riggs National Bank, Washington.
H. H. McKee, president National Capital Bank, Washington.
Geo. W. White, pres. National Metropolitan Bank, Washington.

Florida:

H. G. Aird, vice-president Guaranty Trust & Savings Bank, Jacksonville.
S. A. Wood, president Volusia County Bank, DeLand.
J. A. Griffin, cashier Exchange National Bank, Tampa.

Georgia:

R. O. Barksdale, president Citizens National Bank, Washington.
H. B. Rogers, asst. cashier Fourth National Bank, Atlanta.
R. C. Dunlap, vice-president Fourth National Bank, Macon.

Idaho:

F. F. Johnson, vice-pres. Boise City National Bank, Boise.
Guy E. Bowerman, president First National Bank, Ashton.
Wm. Thompson, president Lewiston National Bank, Lewiston.
E. H. Plowhead, cashier Caldwell Commercial Bank, Caldwell.
A. A. Crane, president First National Bank, Coeur d'Alene.
D. W. Davis, president First National Bank, American Falls.

Illinois:

W. C. White, pres. Merchants & Illinois National Bank, Peoria.

Arthur Reynolds, vice-president Continental & Commercial National Bank, Chicago.
H. G. P. Deans, vice-president Merchants Loan & Trust Co., Chicago.

Harry Lawton, manager foreign trade department Fort Dearborn National Bank, Chicago.
Wirt Wright, president National Stock Yards National Bank, National Stock Yards.

Indiana:

Henry Eitel, vice-pres. Indiana National Bank, Indianapolis.
Elmer W. Stout, vice-president and counsel Fletcher-American National Bank, Indianapolis.
Brandt C. Downey, pres. Commercial Nat'l Bank, Indianapolis.

Iowa:

Simon Casady, president Central State Bank, Des Moines.
J. B. Harsh, president Creston National Bank, Creston.
A. F. Dawson, president First National Bank, Davenport.

Kansas:

C. L. Brokaw, vice-pres. Commercial National Bank, Kansas City.
L. H. Wulfekuhler, vice president Wulfekuhler State Bank, Leavenworth.
Geo. A. Rogers, president The Abilene National Bank, Abilene.

Kentucky:

J. R. Downing, vice-president Phoenix & Third National Bank, Lexington.
John G. Winn, pres. Montgomery National Bank, Mt. Sterling.
Ed. L. Weathers, vice-pres. First National Bank, Hopkinsville.

Louisiana:

P. S. Saunders, president Commercial Trust & Savings Bank, New Orleans.
Andrew Querbes, pres. Contin'l Bank & Trust Co., Shreveport.
W. D. Haas, pres. Commercial Bank & Trust Co., Alexandria.

Maine:

Frederic W. Adams, cash. Merchants National Bank, Bangor.
Chas. S. Hichborn, pres. First National Granite Bank, Augusta.

Maryland:

C. R. Evans, cashier American Bank, of Baltimore, Baltimore.
John B. H. Dunn, cashier Merchants-Mechanics First National Bank, Baltimore.
C. G. Morgan, cashier National Exchange Bank, Baltimore.

Massachusetts:

Raymond B. Cox, vice-pres. Webster & Atlas Nat'l Bank, Boston.
E. S. Brown, pres. Mechanics National Bank, New Bedford.
John E. White, pres. Worcester Bank & Trust Co., Worcester.

Michigan:

William J. Gray, vice-president First & Old Detroit National Bank, Detroit.
Clay H. Hollister, pres. Old National Bank, Grand Rapids.
W. D. Calverley, vice-pres. Houghton Nat'l Bank, Houghton.

Minnesota:

J. S. Pomeroy, vice-president First Security National Bank, Minneapolis.
Henry Von der Weyer, vice-president Merchants National Bank, St. Paul.
Wm. G. Hegardt, vice-pres. Amer. Exch. Nat'l Bank, Duluth.

Mississippi:

T. W. McCoy, vice-pres. Merchants National Bank, Vicksburg.
F. E. Gunter, vice-pres. Merch. Bank & Trust Co., Jackson.
E. M. Purcell, cashier First National Bank, Greenwood.

Missouri:

Edw. Buder, treasurer Mercantile Trust Co., St. Louis.
J. S. Calfee, cash. Mechanics Amer. Nat'l Bank, St. Louis.
G. G. Moore, cash. New England National Bank, Kansas City.

Montana:

J. S. Dutton, vice-president First National Bank, Butte.
L. C. Babcock, vice pres. Yellowstone National Bank, Billings.
Harry Yaeger, vice-pres. Great Falls Nat'l Bank, Great Falls.

Nebraska:

Walter W. Head, vice-pres. Omaha National Bank, Omaha.
W. E. Rhoades, vice-president United States National Bank.
L. B. Howey, president City National Bank, Lincoln.

Nevada:

F. M. Lee, vice-president Reno National Bank, Reno.
W. J. Harris, vice-president The Farmers & Merchants National Bank, Reno.
J. T. Goodin, cashier First National Bank, Lovelock.
C. W. Foote, cashier Churchill County Bank, Fallon.
John Henderson, president Henderson Banking Co., Elko.

New Hampshire:

Harry H. Dudley, cashier Mechanics National Bank, Concord.
Lester F. Thurber, president Second National Bank, Nashua.
Harry L. Additon, vice-president and cashier Merchants National Bank, Manchester.

New Jersey:

C. H. Imhoff, vice-president Union National Bank, Newark.
Uzal McCarter, president Fidelity Trust Co., Newark.
Edward C. Stokes, pres. Mechanics National Bank, Trenton.

New Mexico:

L. A. Hughes, president First National Bank, Santa Fé.
E. A. Cahoon, president First National Bank, Roswell.
T. L. Lowe, vice-pres. Silver City National Bank, Silver City.

New York:

S. G. H. Turner, president Second National Bank, Elmira.
John A. Kloepper, president Union Stock Yards Bank, Buffalo.
Fred. W. Ellsworth, sec. Guaranty Trust Co., New York City.

North Carolina:

James A. Gray, Jr., treasurer Wachovia Bank & Trust Co., Winston-Salem.
E. B. Crow, cashier Commercial National Bank, Raleigh.
W. S. Blakeney, president Bank of Union, Monroe.

North Dakota:

C. R. Green, vice-pres. Merchants & Farmers Bank, Cavalier.
W. C. McDowell, president First National Bank, Cleveland.
Geo. H. Johnston, cashier Citizens State Bank, Wales.

Ohio:

E. H. Cady, pres. Guardian Trust & Savings Bank, Toledo.
Geo. A. Coulton, pres. Union Commerce Nat'l Bank, Marion.
Chas. Dupuis, vice-pres. Citizens National Bank, Cincinnati.

Oklahoma:

G. D. Davis, cashier National Bank, Claremore.
O. H. Leonard, vice-president Exchange National Bank, Tulsa.
L. E. Phillips, vice-pres. Bartlesville Nat'l Bank, Bartlesville.

Oregon:

A. M. Wright, vice-president U. S. National Bank, Portland.
R. S. Howard, cashier Ladd & Tilton Bank, Portland.
C. B. Sewell, cashier Hibernia Savings Bank, Portland.

Pennsylvania:

D. R. Atherton, vice-pres. Traders National Bank, Scranton.
A. S. Beymer, vice-pres. Keystone National Bank, Pittsburgh.

Rhode Island:

Geo. W. Gardiner, vice-president Union Trust Co., Providence.
C. H. Newell, vice-pres. Merchants National Bank, Providence.
Albert R. Plant, pres. Blackstone Canal Nat'l Bank, Providence.

South Carolina:

J. W. Norwood, president Norwood National Bank, Greenville.
Bright Williamson, president Bank of Darlington, Darlington.
E. H. Pringle, Jr., vice-pres. Bank of Charleston N. B. A., Charleston.

South Dakota:

J. W. Wadden, president Lake County National Bank, Madison.
H. M. Hanton, Citizens National Bank, Watertown.
Harry Wentzy, president Security Savings Bank, Rapid City.

Tennessee:

Ralph W. Brown, cashier Holston National Bank, Knoxville.
V. J. Alexander, cashier Cumberland Valley National Bank, Nashville.
N. B. Gentry, asst. cashier Mercantile National Bank, Memphis.

Texas:

J. A. Pondrom, president South Texas Commercial National Bank, Houston.
J. Dabney, vice-president City National Bank, Dallas.
Elmo Sled, vice-president Fort Worth National Bank.
Franz C. Groos, president Groos National Bank, San Antonio.
Dr. E. P. Wilmot, president Austin National Bank, Austin.

Utah:

Warren L. Wattis, vice-pres. Utah National Bank, Ogden.
J. E. Cosgriff, pres. Continental Nat'l Bank, Salt Lake City.
J. T. Farrer, cash. Provo Commercial Savings Bank, Provo.

Vermont:

L. H. Bixby, cashier Montpelier National Bank, Montpelier.
H. F. Field, president Rutland County National Bank, Rutland.
Chas. A. Boyden, cashier Brattleboro Trust Co., Brattleboro.

Virginia:

O. J. Sands, president American National Bank, Richmond.
E. P. Miller, president First National Bank, Lynchburg.
Carroll Pierce, vice-pres. Citizens National Bank, Alexandria.

Washington:

E. T. Coman, president Exchange National Bank, Spokane.
R. S. Stacy, president National Bank of Tacoma, Tacoma.
M. F. Backus, president National Bank of Commerce, Seattle.

West Virginia:

W. B. Irvine, vice-pres. Nat'l Bank of West Virginia, Wheeling.
I. J. Rhodes, cashier McDowell County National Bank, Welch.
H. B. Lewis, cash. Kanawha Banking & Trust Co., Charleston.

Wisconsin:

Wm. M. Post, cashier National Exchange Bank, Milwaukee.
E. Perry, president First National Bank, Fond Du Lac.
A. J. Wetzel, vice-pres. United States Nat'l Bank, Superior.
J. J. Phoenix, director Citizens Bank, Delavan.

Wyoming:

C. R. Massey, vice-president Bank of Commerce, Sheridan.
Arthur H. Marble, pres. Stock Growers Nat'l Bank, Cheyenne.
Arthur K. Lee, vice-pres. Thermopolis State Bank, Thermopolis.

FEDERAL RESERVE AND BRANCH CITIES:

Atlanta:

J. B. Pike, cashier Federal Reserve Bank.
Stewart McGinty, assistant cashier Fourth National Bank.
Jas. F. Alexander, assistant cashier Atlanta National Bank.

Baltimore:

Adrian A. Grape, asst. cashier Commonwealth Bank, Baltimore.
 Edgar L. Heaver, Title Guarantee & Trust Co.
 James D. Garrett, Central Savings Bank.

Boston:

R. B. Cox, vice-president Webster & Atlas National Bank.
 Herbert E. Stone, assistant cashier Second National Bank.
 C. W. Stevens, assistant secretary Old Colony Trust Co.

Chicago:

C. B. Hazlewood, vice-president Union Trust Co.
 Harry N. Grut, cashier Mercantile Trust & Savings Bank.
 H. Lawton, mgr. for'gn dept. Fort Dearborn National Bank.

Cincinnati:

R. C. Smith, assistant cashier Citizens National Bank.
 H. J. McGler, Union Savings Bank & Trust Co.
 Sam McFarland, asst. cashier Fifth-Third National Bank.

Cleveland:

Peter J. Slach, cashier Broadway Savings & Trust Co.
 W. R. Green, asst. cashier Guardian Savings & Trust Co.
 Clay Herrick, Ernst & Ernst.

Dallas:

Stewart D. Beckley, assistant cashier City National Bank.
 J. D. Gillespie, cashier Tension National Bank.
 E. J. Gannon, Jr., asst. cash. Amer. Exchange National Bank.

Denver:

W. O. Bird, Colorado National Bank.
 Sever Daley, assistant cashier Pioneer State Bank.
 Chester A. Parker, Denver, National Bank.

Detroit:

J. H. Hart, vice-pres. First & Old Detroit National Bank.
 Chas. J. Higgins, cashier Federal State Bank.
 W. H. Farr, Peoples State Bank.

Kansas City:

C. W. Allendoerfer, vice-president First National Bank.
 H. L. Larson, assistant cashier Commercial National Bank.
 W. H. Potts, assistant secretary Commerce Trust Co.

Minneapolis:

Lester T. Banks, asst. cashier Northwestern National Bank.
 John G. McLean, asst. cashier First & Security National Bank.
 A. F. Lindhjem, asst. cash. Scandinavian Amer. Nat'l Bank.

New Orleans:

Jas. H. Kepper, asst. cashier Hibernia Bank & Trust Co.
 N. E. Bertel, assistant cashier Whitney-Central National Bank.
 F. L. Ramos, assistant cashier Canal Bank & Trust Co.

New York:

W. I. Dev, assistant cashier Peoples Bank.
 E. S. Wolfe, assistant cashier National City Bank.
 N. D. Alling, assistant cashier Irving National Bank.

Omaha:

G. H. Yates, assistant cashier United States National Bank.
 Ezra Millard, cashier Omaha National Bank.
 Will H. Dressler, Stock Yards National Bank, South Omaha.

Philadelphia:

Freas Brown Snyder, vice-president First National Bank.
 O. Howard Wolfe, cashier Philadelphia National Bank.
 W. A. Nickert, assistant cashier Eighth National Bank.

Pittsburgh:

Alexander Dunbar, cashier Bank of Pittsburgh.
 E. S. Eggers, assistant cashier Union National Bank.
 J. Howard Arthur, cashier Peoples National Bank.

Portland:

T. H. West, assistant cashier Ladd & Tilton Bank.
 R. H. B. Nelson, assistant cashier Northwestern National Bank.
 A. T. Matthews, Bank of California.

Richmond:

W. F. Augustine, vice president Merchants National Bank.
 Warren M. Goddard, assistant cashier Planters National Bank.
 James M. Ball, Jr., assistant cashier First National Bank.

St. Louis:

C. F. Herb, vice-president Mississippi Valley Trust Co.
 Byron W. Moser, vice-president St. Louis Union Bank.
 F. K. Houston, vice-president Third National Bank.

San Francisco:

John Clausen, vice-president Crocker National Bank.
 J. S. Curran, asst. cashier Angle, London & Paris Nat'l Bank.

Seattle:

R. P. Callahan, assistant cashier National Bank of Commerce.
 L. H. Woolfolk, cashier Scandinavian-American Bank.
 J. H. Newberger, assistant cashier Seattle National Bank.

Special Committee of Three: A. I. B.

C. B. Hazlewood, vice-president Union Trust Co., Chicago, Ill.
 John Clausen, vice-president Crocker National Bank, San Francisco, Cal.
 Freas Brown Snyder, vice-president First National Bank, Philadelphia, Pa.

PER CAPITA SALES OF W. S. S. BY STATES

The total and per capita sales of War Savings securities for the states to the end of February are as follows:

1 Nebraska	\$5,689,711.03	\$4.39	25 Utah	\$ 390,848.59	\$.87
2 Missouri	9,015,880.68	2.54	26 Illinois	5,271,547.91	.83
3 Kansas	4,365,804.16	2.31	27 Connecticut	1,091,076.99	.81
4 Maryland	3,013,071.75	2.13	28 Idaho	361,012.10	.80
5 New Mexico	728,887.84	2.08	29 Pennsylvania	7,006,450.80	.80
6 Colorado	1,633,639.10	1.61	30 New York	7,907,764.93	.73
7 Dist. of Col.	475,048.85	1.28	31 West Virginia	1,025,059.81	.72
8 Oregon	1,073,845.25	1.24	32 Rhode Island	418,965.88	.66
9 Delaware	287,389.32	1.22	33 South Dakota	395,889.05	.65
10 Indiana	3,530,639.61	1.21	34 Arkansas	1,113,871.29	.62
11 Montana	564,149.50	1.19	35 Vermont	218,923.72	.59
12 Texas	5,311,375.17	1.16	36 Massachusetts	2,139,686.66	.54
13 Washington	1,805,880.44	1.15	37 Virginia	1,163,656.43	.51
14 Nevada	129,022.49	1.15	38 Tennessee	1,180,910.51	.50
15 Maine	808,216.78	1.03	39 New Jersey	1,487,645.76	.47
16 California	3,109,664.05	1.02	40 Louisiana	802,010.45	.43
17 Ohio	5,383,925.28	1.02	41 North Dakota	251,278.96	.37
18 Iowa	2,400,679.96	1.01	42 Florida	381,246.63	.36
19 Wisconsin	2,574,738.72	1.01	43 Kentucky	838,150.61	.34
20 Arizona	261,327.02	.99	44 North Carolina	849,824.81	.34
21 New Hampshire	429,393.60	.96	45 Michigan	1,098,689.41	.31
22 Minnesota	2,196,072.04	.94	46 Mississippi	455,492.89	.22
23 Wyoming	133,590.44	.93	47 Georgia	640,040.05	.22
24 Oklahoma	2,062,462.43	.89	48 Alabama	472,192.40	.19
			49 South Carolina	190,869.20	.15

STATE BANK SECTION

OFFICERS OF THE STATE BANK SECTION

PRESIDENT
E. D. HUXFORD, President Cherokee State Bank, Cherokee, Iowa.

FIRST VICE-PRESIDENT
C. B. HAZLEWOOD, Vice-President Union Trust Company,
Chicago, Ill.

CHAIRMAN EXECUTIVE COMMITTEE
J. W. BUTLER, President First Guaranty State Bank, Clifton,
Texas.

SECRETARY
GEORGE E. ALLEN, Five Nassau Street, New York City.

DEBTORS' EXEMPTIONS IN DIFFERENT STATES

In response to numerous inquiries regarding debtors' exemptions in the different states, the following synopsis has been prepared. In practically all the states in which a homestead exemption is provided by statute, the homestead is exempt from execution or forced sale, except in satisfaction of judgments obtained (1) on debts secured by mechanics, contractors, sub-contractors, artisans, architects, builders, laborers of every class, materialmen's or vendors' liens upon the premises; (2) on debts secured by mortgages on the premises; (3) for the purchase money due for the land; (4) for debts or liabilities existing prior to the purchase of the land or for the erection of improvements thereon.

ALABAMA—Homestead, with improvements and appurtenances, not exceeding in value \$2,000 and in area 160 acres. Personal property to value of \$1,000 to be selected by debtor, and in addition, all necessary wearing apparel for himself and family, and all family portraits, pictures and books. Exemptions as to homestead or personalty are only allowed against debts or demands arising out of contract. Waiver of right may be made in writing by debtor and wife. Wages, salaries or other compensation to laborers or employees for personal services to the amount of \$25 per month are exempt under writs of garnishment.

ARIZONA—Homestead of head of family shall be in one compact body not exceeding in value \$4,000 and shall consist of dwelling house and land on which same is situated. Homestead claim shall be recorded in appropriate county. Personal property, to be selected by debtor, not exceeding in value \$500, and necessary household furniture. One-half the earnings of the debtor for personal service rendered within thirty days immediately preceding levy exempt from garnishment, if wages are necessary for support of family.

ARKANSAS—Homestead of married resident or head of family not subject to lien of judgment or to sale under execution except if judgment is for purchase money or specific lien, laborers' or mechanics' liens, for improving same. Homestead, if outside city, town or village, shall not exceed 160 acres with improvements thereon provided same does not exceed in value \$2,500, and in no event shall a homestead so located be reduced to less than eighty acres without regard to value. If homestead is in city, town or village, it shall consist of not exceeding one acre with improvements thereon, provided same shall not exceed in value \$2,500, and in no event, less than one-quarter of an acre without regard to value. Personal property of debtor who is not married or the head of a family, articles selected by him, not exceeding in value \$200, in addition to wearing apparel. Personal property of married debtors or heads of families, articles selected

by them not exceeding in value \$500 in addition to wearing apparel. These exemptions not applicable where debts are for the purchase price of articles.

CALIFORNIA—Homestead, not exceeding \$5,000 in value by any head of family, and not exceeding \$1,000 in value by any other person. Declaration claiming such homestead must be executed and recorded. Numerous articles of personal property are enumerated as being exempt. Earnings of judgment debtor for personal service rendered within thirty days immediately preceding levy, if necessary for the use of his family supported in whole or in part by his labor, but only one-half of such earnings where debt is for necessities of life.

COLORADO—Homestead consisting of house and lot or lots in any town or city, or of a farm in any number of acres, provided value does not exceed \$2,000, is exempt when such homestead has been entered of record as such. Numerous articles of personal property are enumerated as exempt. Tools, implements or stock in trade to the value of \$200 and household furniture not exceeding in value \$100. Earnings of debtor, if head of family, exempt up to 60 per cent. when his family is dependent in whole or in part upon such earnings. All wages are exempt when they do not exceed \$5 per week.

CONNECTICUT—Homestead to the value of \$1,000, when a declaration that the debtor occupies the same as a homestead is filed and recorded. Necessary wearing apparel and household furniture. Numerous articles of personal property are enumerated. Wages for personal service up to \$15, and benefits allowed for aid of family, are exempt from foreign attachment or execution.

DELAWARE—No homestead exemption. Exemptions of personal property differ in the several counties.

DISTRICT OF COLUMBIA—No homestead exemption. Articles of personal property not exceeding \$300 in value in addition to wearing apparel; tools and implements of trade or business not exceeding \$200 in value; stock not exceeding \$200 in value; earnings of judgment debtor not exceeding \$100 a month for two months immediately preceding the issuance of the writ, if debtor is married or supports a family.

FLORIDA—Homestead to the extent of 160 acres, or the half of one acre within the limits of any incorporated city or town, together with the improvements on the real estate. Personal property not exceeding \$1,000 in value. Money due for the personal labor or services of the head of a family is exempt from attachment or garnishment.

GEORGIA—Real or personal property, or both, belonging to the head of a family not exceeding in value \$1,600. No court has jurisdiction to enforce any judgment or execution against such property, including such improvements as may be made thereon from time to

time, except for taxes, for the purchase money of same, for labor done thereon, for material furnished therefor, or for the removal of encumbrances thereon.

IDAHO—Homesteads, not exceeding in value \$5,000 by head of family and not exceeding \$1,000 by any other person. A declaration of the selection of such a homestead must be executed and recorded. Chairs, desks, tables and books to the value of \$200; household furniture to the value of \$300; farming utensils to the value of \$300; water-right not exceeding 160 inches of water for irrigation; crops not exceeding in value \$500; necessary tools or implements of a mechanic not exceeding in value \$500; cabin or dwelling of a miner not exceeding in value \$500; all necessary tools and machinery not exceeding in value \$200; horses not exceeding in value \$250, and certain other specified articles of personal property are also exempt. 75 per cent. of the earnings of a judgment debtor, if necessary for his family, for services rendered within thirty days immediately preceding levy of execution. If garnishment is founded on debt for necessities, the exemption shall not exceed 50 per cent., but in no case shall it exceed \$100 at any one time. Shares not exceeding in value \$1,000 in a homestead or building and loan association where debtor is not the owner of the homestead. Life insurance in an amount represented by an annual premium of not exceeding \$250.

ILLINOIS—Homestead, including buildings and appurtenances thereon, not exceeding in value \$1,000, if debtor is the head of a family. Personal property to be selected by debtor, not exceeding in value \$400 if debtor is the head of a family, and \$100 when debtor is not the head of a family. Also necessary wearing apparel, books and pictures. The wages of a wage earner, if the head of a family, are exempt from garnishment to \$15 per week.

INDIANA—No homestead exemption. An amount of property, real or personal, or both, not exceeding in value \$600 for debts growing out of contract. Wages of householders in the employ of any person or corporation are exempt from garnishment up to \$25 at any one time.

IOWA—Homestead of every head of family is exempt from judicial sale, but may be sold for debts contracted prior to its purchase. If within a city, it must not exceed one-half acre, and if outside of a city, not more than forty acres; each case includes the dwelling and appurtenances thereto. If value is less than \$500, it may be enlarged until it reaches that amount. Numerous articles of personal property are enumerated as exempt. The earnings of a debtor, if head of a family, for personal service within ninety days immediately preceding levy, are also exempt.

KANSAS—Homestead to the extent of 160 acres of farming land or of one acre within the limits of an incorporated town or city, together with all improvements on same. Wearing apparel, household furniture not exceeding in value \$500, and numerous articles of other personal property; farming utensils not exceeding in value \$300; tools and implements of mechanics and in addition, stock in trade not exceeding in value \$400; library, implements and office furniture of professional men. The earnings of a debtor for three months, when necessary for maintenance of a family, are exempt, except that 10 per cent. may be applied to the payment of his debts.

KENTUCKY—Homestead, including buildings thereon, if debtor is the head of a family, not exceeding in value \$1,000. This exemption does not apply to liabilities

existing prior to purchase of homestead. Tools of mechanics to \$150; libraries of clergymen and lawyers and libraries and instruments of physicians and surgeons to \$500. Numerous articles of personal property are enumerated as exempt. Wearing apparel is also exempt. 90 per cent. of wages of debtor earning \$25 per month or less, is exempt.

LOUISIANA—Homesteads, not exceeding 160 acres and appurtenances, if debtor is head of family, providing they do not exceed in value \$2,000. Declaration of selection of homestead must be filed. Homestead privilege may be waived. Certain articles of personal property are also exempt.

MAINE—Homestead, including buildings thereon, not exceeding in value \$500 if owner files required certificate. Wearing apparel is exempt. Necessary household furniture not exceeding in value \$100 and numerous specified articles are also exempt.

MARYLAND—No homestead exemption. Property to be selected by debtor, not exceeding in value \$100. Right to exemption may be waived. Attachment of wages of debtors to \$100 is exempt.

MASSACHUSETTS—Homestead of the head of a family to the value of \$800 providing a proper declaration has been executed and recorded. Household furniture not exceeding in value \$300; library not exceeding in value \$50; materials and stock in trade not exceeding in value \$100, tools and implements to the value of \$100. Other specific articles of personal property are exempted.

MICHIGAN—Homestead, not exceeding forty acres of land and house thereon, if in country, or a house and lot if in city or village, not exceeding in value \$1,500. Household goods not exceeding in value \$250; tools, implements and stock on hand not exceeding in value \$250. If debtor is a householder, wages for personal services are exempt from garnishment to 60 per cent, but in no case more than \$30 shall be exempt and in all cases at least \$8 shall be exempt. If debtor is not a householder his exemption is 30 per cent. of indebtedness and in no case more than \$15 shall be exempt, and in all cases, \$4 shall be exempt.

MINNESOTA—Homestead, including land and dwelling house, not exceeding eighty acres, if outside an incorporated city, village or borough; if within a city or incorporated place of less than 5,000 inhabitants, one-half acre; if within a city or incorporated place of more than 5,000, one-third acre. Wearing apparel; tools and, in addition, stock in trade not exceeding in value \$400; library and implements of professional men; household furniture not exceeding in value \$500 and certain specified articles of personal property. Wages, not exceeding \$35, for personal services rendered during thirty days immediately preceding garnishment, are also exempt.

MISSISSIPPI—Homestead, including buildings, if debtor is head of family, not exceeding in value \$3,000 nor 160 acres in extent if situated outside any city, town or village. If debtor resides in a city, town or village, the value of such land and buildings shall not exceed \$3,000, and personal property to be selected by him not exceeding in value \$250. Wearing apparel is exempt; libraries and pictures, not exceeding in value \$500; household furniture not exceeding in value \$200 and certain specified articles of personal property; instruments of surgeons and dentists not exceeding in value \$250. Wages of debtor, if head of family, are exempt from execution to

the amount of \$50, except as against debts for board and lodging.

MISSOURI—Homestead, including dwelling house and appurtenances, if debtor is head of family, shall not exceed 160 acres of land and \$1,500 in value if in the country; in cities having a population of 40,000 or more, such homestead shall not exceed eighteen square rods nor exceed in value \$3,000; in cities having a population of 10,000 and less than 40,000, homesteads shall not exceed thirty square rods nor exceed in value \$1,500; in towns of less than 10,000, homesteads shall not exceed five acres of ground nor exceed in value \$1,500. Wearing apparel and necessary tools and implements of mechanics. Numerous articles of personal property are exempt to heads of families not exceeding in value \$300, in lieu of the property specifically mentioned by statutes. 10 per cent. of wages are liable to garnishment.

MONTANA—Homestead, not exceeding in value \$2,500; if agricultural land not to exceed 160 acres; if within the limits of a town, city or village, not to exceed one-quarter of an acre. The debtor has his option of the two and may select either with all improvements thereon, which are included in the valuation. Necessary clothing of debtor and family, and chairs, tables, desks and books to the value of \$200. Numerous articles of personal property are enumerated as being exempt. The earnings of a debtor, if head of family, within forty-five days immediately preceding the levy, if necessary for use of his family, except that one-half such earnings may be taken if debt is for necessities. These exemptions are restricted to heads of families; only the wearing apparel of an unmarried person is exempt to him.

NEBRASKA—Homestead consisting of dwelling house and 160 acres of land; if in a town or city contiguous land not exceeding two lots, and in either case, not exceeding in value \$2,000. If debtor has no land, he is entitled to personal property not exceeding in value \$500. 90 per cent. of wages are exempt to heads of families. Numerous articles of personal property are enumerated as exempt.

NEVADA—Homestead, not exceeding in value \$5,000. Chairs, tables, desks and books to the value of \$100. Numerous articles of personal property are enumerated as exempt. Earnings of a debtor, if head of family, not exceeding \$50 for the calendar month immediately preceding levy are also exempt, where such earnings are necessary for the use of the family.

NEW HAMPSHIRE—Homestead to the value of \$500. Wearing apparel of debtor. Household furniture to the value of \$100; tools of debtor to the value of \$100; library to the value of \$200. Numerous specified articles of personal property are also exempt. Wages of defendant earned before service of the writ exempt from attachment to the amount of \$20, except for necessities.

NEW JERSEY—Homestead, by complying with the provisions of the Homestead Exemption Act, if debtor is head of family, to the value of \$1,000. Wearing apparel of heads of families. Personal property not exceeding in value \$200. Wages, earnings or income from trust funds due debtors to the amount of \$18 or more weekly, are liable to levy under execution to not exceeding 10 per cent. unless the income of debtor exceeds \$1,000 per annum, and in such a case the court may order a larger percentage but not more than one execution shall be so satisfied, at one time.

NEW MEXICO—Homestead, if debtor is head of family, not exceeding in value \$1,000 or in lieu thereof, other property to be selected, not exceeding in value \$500; tools of mechanics or farmers not exceeding in value \$150; draymen allowed specific exemption of horse and wagon; doctors, if head of family, horse and harness and also books and instruments not exceeding in value \$100; farmers, if head of family, two horses and wagons; lawyers, if head of family, books not exceeding in value \$500. Wearing apparel and certain articles of personal property, and in addition, household furniture to the value of \$200. 80 per cent. of debtor's wages for previous thirty days are exempt unless such wages exceed \$75 a month. If wages exceed \$75, the excess may be garnished.

NEW YORK—Homestead, consisting of lot and buildings, not exceeding in value \$1,000 is exempt if recorded as homestead property in the office of the clerk of the appropriate county, but such property is not exempt from sale for non-payment of taxes or assessments or from sale on execution for debts contracted before the property was so designated or for the purchase price thereof. Certain specified articles of personal property are also exempt. Necessary household furniture, tools to the value of \$250 and wearing apparel. Wages, salary or income from trust funds to the amount of \$12 or more per week are liable to levy under execution to the extent of 10 per cent. thereof. Only one such execution may be satisfied at one time.

NORTH CAROLINA—Homestead, including dwelling and buildings, to be selected by debtor, not exceeding in value \$1,000, or in lieu thereof, a lot in any city, town or village with dwelling and buildings not exceeding \$1,000. Personal property to the value of \$500.

NORTH DAKOTA—Homestead of head of family not exceeding in value \$5,000, and if in a town plat not exceeding two acres; if not within a town plat then not exceeding 160 acres and consisting of dwelling house and appurtenances; books and musical instruments not exceeding in value \$500; household furniture not exceeding in value \$500; tools and implements of mechanics not exceeding in value \$200; library and instruments of professional men not exceeding in value \$600. Personal property to the value of \$500, and in addition, certain specified articles of personal property.

OHIO—Homestead of head of family not exceeding in value \$1,000, or in lieu thereof, personal property to the extent of \$500. Certain specified articles of personal property are also exempt. Personal earnings of debtor for three months previous to levy, when necessary for support of family.

OKLAHOMA—Homestead, not within a city, town or village, shall consist of not more than 160 acres and may be in one or more parcels; if within a city, town or village, if occupied as a residence only, it shall not exceed one acre in extent and in value \$5,000; but in no case shall the homestead be reduced to less than one-quarter of an acre without regard to value. If homestead is used for both residence and business purposes, the homestead interest shall not exceed in value \$5,000. Household and kitchen furniture and certain articles of personal property are also exempt. 75 per cent. of all current wages and earnings for personal or professional services earned within the last ninety days, are exempt.

OREGON—Homestead not exceeding in value \$1,500 nor 160 acres in extent, if not located in town or city laid

off in blocks and lots; if located in any city, town or village, then it shall not exceed one block, but in no instance shall such homestead be reduced to less than twenty acres nor one lot regardless of value. Books, pictures and musical instruments to the value of \$75; wearing apparel to the value of \$100, and if such person be a householder, to the value of \$50 for each member of his family. Certain specified articles of personal property are also exempt. Earnings of a debtor for personal services performed within thirty days immediately preceding service of process shall be exempt to the sum of \$75, except when judgment is for necessities and then 50 per cent. is liable.

PENNSYLVANIA—No homestead exemption, but property to the value of \$300 is exempt. Certain articles of personal property are enumerated as exempt. No exemption is allowed upon judgments for \$100 or less obtained for wages for manual labor.

RHODE ISLAND—No homestead exemption. Necessary wearing apparel of debtor and family; necessary working tools not exceeding in value \$200; household furniture not exceeding in value \$300 and certain specified articles of personal property are exempt. Wages not exceeding \$10, also exempt except for necessities.

SOUTH CAROLINA—Homestead to the value of \$1,000. Also personal property to the value of \$500. Homestead is liable for debts contracted in its purchase or improvement.

SOUTH DAKOTA—Homestead of head of family, if within a town plat, must not exceed one acre, and if not within a town plat, must not embrace in the aggregate more than 160 acres with a house and buildings, and is limited to \$5,000 in value. If homestead is claimed upon land, the title to which is claimed under United States laws relating to mineral lands, the area of the homestead, if within a town plat, must not exceed one acre, and if without a town plat, must not exceed forty acres. If title to the homestead has been acquired as a placer claim, but has been acquired under the laws of Congress as a lode mining claim, the area must not exceed five acres. Family library not exceeding in value \$200; personal property to be selected by debtor to the value of \$750, if head of family, and not exceeding \$300 if debtor is a single person, is also exempt. Wearing apparel is exempt. Stock in trade to the value of \$200 and certain articles of personal property are also exempt.

TENNESSEE—Homestead of the head of a family, and all improvements thereon to the value of \$1,000. Certain articles of personal property are specified as exempt. 90 per cent. of wages of debtor drawing an income of \$40 or less per month is exempt from garnishment.

TEXAS—Homestead, if not in a town or city, shall consist of not more than 200 acres of land, which may be in one or more parcels, with improvements thereon; if in a city, town or village may consist of a lot or lots not exceeding in value \$5,000, without reference to the value of the improvements thereon. There is also exempted to every family, all household furniture, all tools belonging to any trade and all library books as well as other specified articles of personal property. To those not heads of families, the exemptions are much limited. Current wages for personal services not subject to garnishment.

UTAH—Homestead of head of family, consisting of lands and appurtenances (which lands may be in one or more localities) not exceeding in value \$1,500 and \$500 additional for his wife, and \$250 for each other member

of his family are exempt. Chairs, tables, and desks to the value of \$200; library and musical instruments in actual use; necessary household furniture to the value of \$300; necessary tools and implements of a mechanic to \$500 and numerous specified articles of personal property are also exempt. One-half the earnings of a debtor for personal services rendered within thirty days immediately preceding levy, if head of family, are exempt, and if earnings are \$2 per day or less, the head of a family is entitled to absolute exemption to \$30 a month.

VERMONT—Homestead to the value of \$500. Necessary household furniture and wearing apparel. The professional books of physicians, dentists, clergymen and attorneys to the value of \$200. Certain specified articles of personal property are also exempt.

VIRGINIA—The homestead exemption provides that debtor is entitled to hold, exempt from levy, his real and personal property, or either, to be selected by him, to the value of not exceeding \$2,000. Books and pictures not exceeding in value \$100; all necessary wearing apparel; tools and utensils of a mechanic not exceeding in value \$100 and various specified articles of personal property. Wages of a householder not exceeding \$50 per month are exempt from garnishment.

WASHINGTON—Homestead to the value of \$2,000. Wearing apparel and private libraries not exceeding in value \$500; household goods not exceeding in value \$500; tools of a mechanic and also material to the value of \$500; library of a physician not exceeding in value \$500, and horse, carriage and instruments not exceeding in value \$200; libraries of attorneys and clergymen not exceeding in value \$1,000 and office furniture and stationery not exceeding in value \$200 and various specified articles of personal property. Wages of debtor to \$100 a month, for personal services, if head of family, except where judgment is for necessities and then wages are exempt from garnishment to \$10 a week for four weeks.

WEST VIRGINIA—Homestead to the value of \$1,000, providing homestead is recorded in appropriate county. Personal property to the value of \$200. Working tools of mechanics not exceeding in value \$50.

WISCONSIN—Homestead, to be selected by debtor, when not in a city or village, any quantity of land not exceeding forty acres used for agricultural purposes, and when included in any city or village, of any quantity of land not exceeding one-fourth of an acre and the dwelling house and appurtenances not exceeding in value \$5,000. Pictures and library exempt. Wearing apparel, household furniture not exceeding in value \$200; tools and implements of a mechanic and stock in trade not exceeding in value \$200 and many specified articles of personal property are also exempt. The earnings of heads of families for three months immediately preceding issue of garnishment to the amount of \$60 per month is exempt.

WYOMING—Homestead of head of family, not exceeding in value \$2,500. Homestead may consist of house and lot or lots in any town or city, or farm of not more than 160 acres. Wearing apparel is exempt. Household furniture not exceeding in value \$500; tools and stock in trade not exceeding in value \$300; library and instruments of professional man not exceeding in value \$300. Half the earnings of a debtor for personal services within sixty days before levy are exempt, if necessary for support of family.

BULLETIN

OF THE

AMERICAN INSTITUTE OF BANKING

INSTITUTE EXECUTIVE COUNCIL

1918—E. G. McWILLIAM (*ex-officio*), Guaranty Trust Company, New York, N. Y.; J. C. THOMSON (*ex-officio*), Northwestern National Bank, Minneapolis, Minn.; S. D. BECKLEY, City National Bank, Dallas, Tex.; HARRY E. HEBBANK, American Trust & Savings Bank, Springfield, Ohio; R. H. MACMICHAEL, Dexter Horton Trust & Savings Bank, Seattle, Wash.; R. A. NEWELL, First National Bank, San Francisco, Cal.

1919—R. S. HECHT (*ex-officio*), Hibernia Bank & Trust Company, New Orleans, La.; GEO. F. KANE, Society for Savings, Hartford, Conn.; C. H. CHENEY, First National Bank, Kansas City, Mo.; WM. A. NICKERT, Eighth National Bank, Philadelphia, Pa.; JAMES RATTRAY, Guaranty Trust Company, New York, N. Y.

1920—CLARENCE A. RATHBONE, Norwood Trust Company, Norwood, Mass.; WILFRED A. ROPER, Bank of Commerce & Trusts, Richmond, Va.; JOSEPH A. SEABORG, Mercantile Bank of the Americas, Para, Brazil; FRANK J. MAURICE, Peoples State Bank, Detroit, Mich.

OFFICERS OF THE INSTITUTE

President, R. S. HECHT, Hibernia Bank & Trust Company, New Orleans, La. *Vice-President*, J. C. THOMSON, Northwestern National Bank, Minneapolis, Minn. *Educational Director*, GEORGE E. ALLEN, Five Nassau Street, New York City. *Assistants to Educational Director*, R. W. HILL and M. W. HARRISON, Five Nassau Street, New York City. *Board of Regents*—O. M. W. SPRAGUE, Chairman, Professor of Banking and Finance in Harvard University, Cambridge, Mass.; E. W. KEMMERER, Professor of Banking and Economics in Princeton University, Princeton, N. J.; C. W. ALLENDOERFER, First National Bank, Kansas City, Mo.; FRED. I. KENT, Bankers Trust Company, New York, N. Y.; GEORGE E. ALLEN, Five Nassau Street, New York City.

Plan for An Independent Institute Bulletin

BY R. S. HECHT

President of the American Institute of Banking

INCIDENT to the growth of the American Bankers Association in membership and usefulness during the last few years, the JOURNAL-BULLETIN has been transformed from a compilation of announcements into a financial periodical of the highest type. Such changes in the character and size of the JOURNAL-BULLETIN, combined with the high cost of publication, have necessitated an increase of the subscription price from \$1 a year to \$2 a year.

When the subscription price of the JOURNAL-BULLETIN was \$1 a year, the American Bankers Association furnished the national organization of the Institute with subscriptions at 50 cents a year, and the Institute furnished subscriptions to chapter members at 75 cents a year retaining the balance of 25 cents for the purpose of partially paying the expenses of the national organization of the Institute, in lieu of dues that would otherwise have been required.

When the subscription price was increased to \$2 a year, it became necessary to charge at least \$1 a year net for subscriptions of chapter members, and to provide for the twenty-five-cent per capita required to assist in financing the national organization of the Institute. To meet conditions thus described, the by-laws of the Institute were amended at the Chicago Convention so as to read as follows:

(a) Members of the Institute shall consist of duly authorized chapters organized and conducted in suitable cities or in suitable states. City and state chapters thus constituted shall pay to the Institute annual dues of 25 cents for each of their chapter members, such annual dues to be paid in quarterly installments in advance.

(b) Duly enrolled students and graduates of the Institute outside of the respective territories of city and state chapters, and not members of any city or state chapter, shall constitute the Correspondence Chapter. The

Correspondence Chapter shall pay to the Institute annual dues of 25 cents for each Correspondence Chapter student hereafter enrolled in the Institute standard study course.

(c) Associate members of the Institute shall consist of institutions that are members of the American Bankers Association. For each associate member of the Institute thus constituted the Institute will accept from the American Bankers Association annual dues of 75 cents, payable in monthly installments.

In connection with the plan thus provided, arrangements were made by which the American Bankers Association would accept subscriptions from individual chapter members at the rate of \$1 a year, payable to the American Bankers Association direct and not through the Institute. The question of subscriptions to the JOURNAL-BULLETIN has therefore become not so much a matter of chapter obligation, except where the charter or by-laws of certain chapters especially provide for it, but it is left largely to the individual inclination of each chapter member to decide whether or not he wants to pay \$1 for a year's subscription to the JOURNAL-BULLETIN in addition to the dues which he is paying to his local chapter.

It was to be foreseen that this change would necessarily cut down the subscription list of the JOURNAL-BULLETIN to but a small percentage of our total membership (approximately 22,000), and the developments of the past few weeks have clearly and definitely established this fact.

A few chapters felt that they could afford to take \$1 out of the annual dues of each one of their members and subscribe to the JOURNAL-BULLETIN in their name; but in most chapters the subscription list has fallen from 100 per cent. of the membership in the past to as low as 2 or 3 per cent.; and in but few cases it exceeds 10 per cent.

It can readily be seen that this is a very undesirable state of affairs, because it will probably mean that at least 75 per cent. of our membership will hereafter be

without any means of keeping in touch with what our organization is doing, and that will ultimately result in many of our men losing interest in the national organization entirely.

Feeling that something had to be done to remedy this situation, and wanting to find out just what the sentiment of the different chapters may be I sent out a questionnaire to every chapter president and to the members of the Executive Council of the Institute, wherein I requested answers on twelve points in connection with this problem.

The answers which I have received to this questionnaire indicate an almost unanimous opinion that the time has come when the Institute should publish again a BULLETIN of its own, distinct from the JOURNAL of the American Bankers Association. The prevailing opinion seems to be that such a BULLETIN should be published quarterly, and that the subscription price should not exceed 50 cents per annum, payable by chapters on the basis of their membership in the same manner in which BULLETIN subscriptions were paid heretofore at the rate of 75 cents per annum.

This proposed subscription price of 50 cents would include the present annual dues of 25 cents and the per capita tax of 10 cents which has heretofore been collected for convention purposes; so that, as a matter of fact, the proposed plan implies a total charge of 50 cents a year to all chapters including the subscription to the BULLETIN, instead of the total charge of 85 cents formerly collected.

A few of our members, of course, suggested that a monthly BULLETIN would be preferable. But the financial resources of the Institute restrict us to the contemplated quarterly publication. The only objection to a quarterly publication is its infrequency, but when the character of Institute announcements is considered this objection is largely overcome. Such news as the Institute creates is largely adapted to quarterly periods.

The October issue, for instance, would contain a report of the Institute convention and a forecast of the Institute work for the ensuing year. The June issue would contain a review of the work of the previous year, a list of Institute graduates, and all necessary announcements of the coming convention.

The January and April issues would report work in progress on the same general plan as reports have heretofore been made by members of the Institute Executive Council.

THE AIM OF THE PROPOSED BULLETIN WOULD BE TO PROVIDE A LITERARY CLEARING HOUSE OF INSTITUTE ACTIVITIES CONDUCTED BY INSTITUTE MEMBERS FOR INSTITUTE MEMBERS, INSPIRED BY THE INSTITUTE SPIRIT TO PROMOTE INSTITUTE UNITY AND PERPETUATE INSTITUTE FRIENDSHIPS, AND ESTABLISH AND MAINTAIN INSTITUTE IDEAS AND IDEALS.

Whether we like to admit it or not, it is a fact that a deplorably small percentage of our members do now read the JOURNAL-BULLETIN. But we hope that the nature of the independent BULLETIN which we propose to publish will cure this situation, because we expect to make it so interesting that the boys will really be looking forward to its appearance from one quarter to the next.

The present plan is to have it printed in convenient size—about the shape of *Printers Ink*—and to contain

about 100 pages in each issue, so that it can be put in one's pocket and read on the street car or train.

Under the proposed plan, the character and contents of the BULLETIN would be determined in a general way, by a special committee appointed for such purpose. The details would of course be handled by the Educational Director and his assistants as provided in the by-laws of the Institute. The details of the first issue, which it is hoped to publish about June, are already being prepared and will be sure to prove very interesting.

In conclusion, I desire to state that it was my privilege to attend the Administrative Committee meeting of the American Bankers Association in New York in the latter part of January, where the question of separating the JOURNAL and the BULLETIN was fully discussed and the following resolution was passed.

"RESOLVED, That the American Institute of Banking Section be and hereby is authorized to publish a quarterly Bulletin separate and distinct from the JOURNAL of the American Bankers Association provided the publication of such Bulletin shall not necessitate any increase of the appropriation now made by the Association for Institute purposes."

I also want particularly to emphasize that Mr. A. D. Welton, the editor of the JOURNAL of the American Bankers Association, fully realizes the necessity for this step on the part of the Institute, and, as a matter of fact, he has been most kind and helpful in working out the solution now presented.

It should also be clearly understood that while the JOURNAL-BULLETIN will hereafter be called the JOURNAL of the American Bankers Association, there will appear in every issue a few pages of Institute news. Because, as a matter of fact, the American Institute of Banking is a Section of the American Bankers Association, and as such will always have some space for the most important announcements in each issue of the JOURNAL.

On the other hand, we all realize that the kind of news which our junior men—and they are still in the majority—want to read is not such as should go into the JOURNAL of the American Bankers Association. However, we propose to carry in the independent BULLETIN of the Institute a constant appeal to our members that they should by all means spend \$1 a year to subscribe to the JOURNAL of the American Bankers Association, because of its splendid educational value. And we really believe that instead of decreasing the number of Institute men who read the JOURNAL at present the publication of an Institute BULLETIN will gradually increase the list of subscriptions to the JOURNAL among our members.

After the Administrative Committee of the American Bankers Association had definitely approved our plan I had the opportunity to visit several of the larger chapters in the country, including New York, Philadelphia, Washington, Pittsburgh and Cleveland, and I AM GLAD TO SAY THAT EVERYWHERE THE UNANIMOUS OPINION WAS THAT THE SOLUTION ABOVE SUGGESTED IS A VERY SATISFACTORY ONE FROM EVERY STANDPOINT.

It is, therefore, contemplated to issue the first number of the new BULLETIN in June, and you are urged to give this plan your heartiest approval and support. Because, after all, this new BULLETIN will be only as good as our own members will make it.

Some special arrangements will be made with the few chapters which have sent in the subscriptions for their

entire membership for the year 1918, so that there is absolutely nothing in the way of carrying this plan through to a successful conclusion.

I am thoroughly convinced that while there may be some slight objection to this plan here and there, it will

ultimately work out to everybody's satisfaction, as we shall undoubtedly have an opportunity to ascertain at the 1918 convention of the Institute, when all of our members will have had an opportunity to have read the first issue which is to appear in June.

Chapter Presidents' and A. I. B. Boosters

BY BRUCE BAIRD

Chairman of the Committee on Transportation

WOULD you boost your fellow worker's health, would you help him lose that languid feeling, that tired look, and give him vim and vigor, to plunge into his Fall work with zeal and energy, to give him a new lease on life, to resume the ever-increasing duties caused by the loss of experienced help? If so, urge him to take the Yellowstone-Denver Convention trip, talk it to him at every opportunity, discuss it in your chapter rooms, in your banks, on the street, anywhere and everywhere, and we assure you of one of the most enjoyable trips the Institute has ever taken.

The Transportation Committee has been busy for

several months, gathering data and conferring with different railroads, and expect in the May issue of the JOURNAL-BULLETIN to give the first itinerary of the trip, together with the various stops and side trips. It is up to you to spread the good news far and wide, to inspire enthusiasm in the local chapter, to instill into your members the necessity of signing vacations for the two weeks beginning September 9. Furthermore, you should continue to talk and discuss this trip every day for the next three months, and if you will it will be the best advertised trip in the history of the Institute.

So get busy, and stay busy, and help us make the Denver Convention the largest and best we have ever had. Watch for the May issue of the JOURNAL-BULLETIN for further particulars and details.

THE SUPREME SACRIFICE

The lives of three Institute men have already been given to their country. While none of them were yet on the field of battle, they died as truly for the cause of freedom as though they had fallen at the battle front.

Edwin C. Phinney sailed for France shortly before the first of the year and on his arrival, actively engaged in Y. M. C. A. war work. He was stricken with pneumonia and after a short illness, died in the United States army hospital on February 25.

Mr. Phinney was manager of the new business department of the Northwestern National Bank of Minneapolis. He had served successively as member of the executive committee, vice-president and president of Minneapolis Chapter, and at the Seattle Convention of the Institute in 1909, he was elected a member of the Executive Council for a term of three years.

William Binnie entered one of the officers' training camps at San Francisco last year and at the conclusion of his training was commissioned a first lieutenant. He left these shores for France on the "Tuscania." He was one of the four officers lost in the sinking of that ship

by a German submarine. Mr. Binnie was a member of the Correspondence Chapter of the Institute, having enrolled in the banking course in December, 1916.

He was a certificate holder of the Bankers Institute of Scotland, and prior to entering the officers' training camp, was cashier of the Montana State Bank at Fallon, Montana.

Robert Gray, Jr., was graduated from the School of Aeronautics, Princeton University, last November as a cadet aviator. He was then assigned to the United States Aviation field near Memphis, Tennessee. On February 23 he was killed as a result of a collision of aeroplanes.

Mr. Gray was a member of New York Chapter and a graduate of the Institute, and prior to entering the School of Aeronautics of Princeton University, was in the cashier's division of the foreign department of the Guaranty Trust Company of New York.

The spirit of these men brings a message to us who are here—that we stand together, shoulder to shoulder, a unified people, jealous of our sacred heritage, that they may not have laid down their lives in vain.

ACTIVITIES OF THE INSTITUTE PUBLIC AFFAIRS COMMITTEE

By J. C. THOMSON, Chairman

The members of the Public Affairs Committee of the Institute, in spite of other demands on their time, have been doing fine work in connection with the War Savings Campaign and the reports from the committee members as well as from state directors are very gratifying. The committee started their work this year with the idea in mind that the American Institute of Banking would be looking and ready for its opportunity to assist the government. It was felt in participating in this work, our organization should not seek for special credit, but should co-operate with whatever organizations the government formed to do this work. For that reason the Institute did not desire or request to be conceded any special portion of the work. It has therefore been impossible to secure as complete a report as would have been the case if we had worked individually.

However, the work of chapters which to a large extent lost identity in that of other organizations has undoubtedly been of greater benefit to the government on this account. It was felt that the principal contribution that the Institute could make would be along the line of furnishing trained speakers for Liberty Loan and War Savings Campaigns and in educating the members of the Institute as to the responsibility devolving upon individual citizens on account of the war.

The Public Speaking Committee and the Public Affairs Committee have worked in close co-operation during the year. Chairman Allen of the Public Speaking Committee took up with every chapter the matter of organizing a public speaking class so that every chapter would be ready to submit the names of men, who would be qualified to speak to local committees in charge of these different campaigns. Many of the chapters have done this with the result that the Chairman of Public Affairs Committee was able to submit a long list of qualified speakers not only for the Liberty Loan and War Savings Campaigns, but for the Special Trade Acceptance Campaign, inaugurated by the American Bankers Association, National Association of Credit Men and the Chamber of Commerce of the United States. Reports have been published in the JOURNAL-BULLETIN from time to time of the parts taken by chapter members in speaking for these various campaigns. In a number of chapters these men have been enrolled as four minute men. In others they have been given assignments by the local committees, speaking before organizations, schools, churches, etc.

In order that the resources of the Institute might be used to the fullest extent, each State Director for War Savings was requested by the National War Savings Committee to get in touch with the chapters of the American Institute of Banking in his district. Each State Director was also written to personally by the chairman and the Public Affairs Committee members and given the name of the officers of the different chapters of his district. The National War Savings Committee and the different directors speak in warm praise of the response of the Institute to their request for help.

Each chapter has been urged to form as many War Savings Clubs as possible, and in addition to have their members organize these clubs among their friends. The writer has not been able to secure a definite report of the number of such organizations in each chapter, but reports indicate that practically every chapter, which is active this year has either formed a War Savings Club or boosted the sale of War Savings Stamps among its members. The Public Affairs Committee would like to be able to report at the end of this year that every member of our organization is a member of a War Savings Club, as it is only by actual participation in these different movements that we individually realize the responsibility, which devolves upon us during the war.

The war is a test of our ability to organize and conserve our forces so that the maximum effort of the people of this country can be used against the enemy. This requires on the part of every individual either personal sacrifice or a contribution of time or money and in some cases all of these. That the members of our organization have met the call for personal sacrifice is shown by the service flag of our organization, containing over five per cent. of its membership. The demand for time is being met by over-time work in banks and participation in the different campaigns. The War Savings Campaign offers the easiest and most practical method for individuals of moderate means or otherwise to invest their money with the government. For that reason every man should be a member of one of these clubs and save systematically.

As this is being written the plans are being formed for the next Liberty Loan Campaign. The members of the Public Affairs Committee feel that our organization can and must put its full energy in this campaign. In order that this may be done, your committee urgently requests that each chapter president follow these suggestions:

1. Arrange to have the particulars of the next Liberty Loan given at the next chapter meeting, so that your members may be familiar with the terms and conditions of the loan in order that they may use their personal influence among their friends.

2. Send to the chairman of the local speakers committee a list of those members of the chapter, who are qualified to speak and who will volunteer to accept speaking assignments.

3. Arrange to have chapter members assist in any other way by manning booths for the sale of Liberty Bonds; making house to house canvasses; placing placards in their windows at home and acting as information depots.

Until the war is over the supreme aim of our organization should be to assist the government. Your chairman would appreciate receiving reports as to actual results accomplished and suggestions that may help other chapters in carrying out this program.

INSTITUTE CHAPTERGRAMS

REPORT OF VICE-PRESIDENT THOMSON

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
DULUTH	38		Class in economics.
EAU CLAIRE	33	Commercial Law	No special activities.
GRAND FORKS	27	Banks and Banking	Activities confined to standard study course.
MINNEAPOLIS	457	{ Banks and Banking	Classes in elementary banking and accounting. Smoker
		{ Commercial Law	Ladies' night.
ST. PAUL	233	Loans and Invsts.	Class in elementary banking.

REPORT OF COUNCILMAN BECKLEY

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
DALLAS	86	Loans and Invsts.	Classes in economics and public speaking.
EL PASO	53	Loans and Invsts.	Activities confined to study course.
FORT WORTH	34	Commercial Law	Activities confined to standard study course.
SAN ANTONIO	38	Loans and Invsts.	One open meeting.
WACO	33	Commercial Law	No special activities.

REPORT OF COUNCILMAN NEWELL

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
LOS ANGELES	445	Commercial Law	Classes in trust and escrow practice and economics.
		Negotiable Insts.	
OAKLAND	206	Commercial Law	Class in public speaking. One open meeting.
SACRAMENTO	121	Banks and Banking	Activities confined to standard study course.
SALT LAKE	149	Loans and Invsts.	Class in elementary banking.
SAN FRANCISCO	1,117	Loans and Invsts.	Classes in elementary banking, foreign trade and ac-
		Negotiable Insts.	counting.
SAN JOSE	80	Commercial Law	Activities confined to study course.
STOCKTON	61	Banks and Banking	One open meeting.

REPORT OF COUNCILMAN KANE

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
HARTFORD	265	Commercial Law	Classes in elementary banking and economics.
NEW HAVEN	203	Commercial Law	Two open meetings. Forming debate section.
SPRINGFIELD	37	Commercial Law	Activities confined to standard study course.
WATERBURY	23	Banks and Banking	One open meeting.

REPORT OF COUNCILMAN MAURICE

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
CHICAGO	839	Commercial Law	Classes in elementary banking and public speaking.
		Banks and Banking	Patriotic meeting.
DES MOINES	161	Banks and Banking	Patriotic meeting. General meeting. Ladies' night.
DETROIT	319	Commercial Law	Class in elementary banking. Monthly members' night.
GRAND RAPIDS	15	Negotiable Insts.	Activities confined to standard study course.
INDIANAPOLIS	32	Commercial Law	Class in elementary banking.
MILWAUKEE	364	Banks and Banking	Class in elementary banking.
SIOUX CITY	60	Banks and Banking	One open meeting.

REPORT OF COUNCILMAN HEBRANK

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
CINCINNATI	244	Banks and Banking	Class in elementary banking.
CLEVELAND	550	Commercial Law	Class in elementary banking.
DAYTON	95	Loans and Invsts.	Class in public speaking.
PITTSBURGH	856	Banks and Banking	Class in elementary banking.
TOLEDO	94	Commercial Law	Activities confined to standard study course.
WHEELING	78	Commercial Law	Class in elementary banking.

REPORT OF COUNCILMAN CHENEY

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
DENVER	173	Banks and Banking	Post-graduate class in economics.
KANSAS CITY	292	Commercial Law Negotiable Insts.	Classes in elementary banking, public speaking and post-graduate.
LITTLE ROCK	120	Commercial Law	One open meeting
LOUISVILLE	26	Commercial Law	Post-graduate class.
MEMPHIS	66	Commercial Law	Activities confined to standard study course.
OMAHA	104	Banks and Banking	Class in elementary banking.
SPRINGFIELD	38	Banks and Banking	Activities confined to classes.
ST. LOUIS	401	Commercial Law	Class in elementary banking.

REPORT OF COUNCILMAN RATHBONE

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
BOSTON	732	Banks and Banking	Class in public speaking.
PROVIDENCE	218	Commercial Law	Classes in elementary banking and economics.
WORCESTER	131	Banks and Banking	Two open meetings.

REPORT OF COUNCILMAN ROPER

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
ASHEVILLE	26	Banks and Banking	Activities confined to study course.
BALTIMORE	554	Commercial Law	Monthly meetings.
CHARLESTON	65	Banks and Banking	Post-graduate class in economics.
COLUMBIA	52	Commercial Law	One open meeting.
RALEIGH	26	Commercial Law	Class in public speaking.
RICHMOND	370	Commercial Law Banks and Banking	Classes in elementary banking and public speaking. One open meeting.
WASHINGTON	367	Commercial Law	Classes in elementary banking and accounting.

REPORT OF COUNCILMAN MacMICHAEL

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
GREAT FALLS	40	Negotiable Insts.	Stressing educational work.
PORTLAND	365	Negotiable Insts.	Classes in elementary banking and public speaking.
SEATTLE	201	Banks and Banking	Class in public speaking.
SPOKANE	69	Negotiable Insts.	One open meeting.
TACOMA	64	Negotiable Insts.	One open meeting.

REPORT OF COUNCILMAN NICKERT

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
HARRISBURG	81	Negotiable Insts.	Activities confined to study course.
LANCASTER	111	Commercial Law	Annual banquet.
PHILADELPHIA	1601	Banks and Banking Commercial Law	Class in elementary banking. Post-graduate class in economics.
SCRANTON	103	Negotiable Insts.	Activities confined to study course.
WILKESBARRE	23	Commercial Law	Post-graduate class in economics.

REPORT OF COUNCILMAN RATTRAY

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
ALBANY	275	Commercial Law	Class in elementary banking. Annual banquet.
BUFFALO	152	Commercial Law	Classes in economics and public speaking. Banquet.
NEW YORK	2,379	Banks and Banking Commercial Law	Classes in elementary banking, commercial geography, accounting, foreign trade, international exchange, public speaking, business English and French.
ROCHESTER	108	Negotiable Insts.	A forum is also conducted.
SYRACUSE	108	Banks and Banking	Classes in economics and public speaking.
UTICA	117	Negotiable Insts.	Class in elementary banking.

REPORT OF COUNCILMAN SEABORG

CHAPTERS	MEMBERS	STANDARD CLASSES	MISCELLANEOUS ACTIVITIES
ATLANTA	140	Negotiable Insts.	Activities confined to standard study course.
BIRMINGHAM	79	Loans and Invsts.	Activities confined to class work.
CHATTANOOGA	89	Commercial Law	Classes in elementary banking and debate.
JACKSONVILLE	32	Negotiable Insts.	Class in public speaking and debate.
MACON	32	Commercial Law	Activities confined to class work.
MOBILE	28	Negotiable Insts.	Activities confined to standard study course.
NASHVILLE	122	Commercial Law	A post-graduate class is also conducted.
NEW ORLEANS	179	Negotiable Insts.	Classes in elementary banking and debate.
PANAMA	41	Negotiable Insts.	One open meeting.
SAVANNAH	27	Banks and Banking	Activities confined to study course.

BUFFALO CHAPTER

On February 9, 1918, at the Hotel Statler, Buffalo Chapter held one of its most enthusiastic annual banquets. On this occasion we had the pleasure of hearing our old friend, James Rattray, speak on "The Dawn of a New Era." Mr. Rattray, a past president of Buffalo Chapter, received a great ovation when he began to speak. His subject, as usual, was covered in a most thorough manner, and was enjoyed by everyone present. Captain John W. Gorby, of Chicago, was the next speaker, and gave Buffalo Chapter one of the most brilliant patriotic speeches ever heard. The title was "The Duty of the American Banker in Time of War." Professor F. W. Roman, of Syracuse University, who is well known to members of Buffalo Chapter, finished up one of the best evenings of speech-making that Buffalo Chapter has ever heard. Mr. Roman, having lived in Germany for a number of years, proved to be well informed on the autocratic principles of Germany, and the forcible manner in which he presented his subject gripped his hearers from start to finish. Our public speaking class, which has been under the supervision of Willard T. Bushman, has just closed a most successful course. The men in this class have been trained along the lines of extemporaneous speaking, which will fit them for a higher training next year. We have received a challenge from New York Chapter to debate, which will be taken up at our next officers' meeting. After the Lenten season, Buffalo Chapter will hold its first annual dance. It was decided to hold this after receiving many requests from those who attended the theatre party held last December. While we are sorry to announce that our secretary, James Keenan, and our treasurer, P. C. Jansen, have been drafted, we know that "Uncle Sam" has benefited by receiving these sturdy and stouthearted men.

L. W. ENSLIN.

PRESIDENT OF THE INSTITUTE

President R. S. Hecht, has been officially designated as the senior vice-president of the Hibernia Bank & Trust Company of New Orleans.

PITTSBURGH CHAPTER

The annual "Old Home Night" of Pittsburgh Chapter was held in their rooms on the evening of March 5. This annual reunion of the old members of our chapter is

always looked forward to with considerable delight. It was planned this year to have as the presiding officer of the meeting the first president of our chapter, D. C. Wills, of the Federal Reserve Bank of Cleveland, but on account of the pressure of business at this time, Mr. Wills was unable to be present. Several other past presidents of our chapter, including H. E. Hebrank and John Rovensky, had planned to be on hand, but their duties in their respective banks kept them in their home town. However, those who were fortunate enough to be present thoroughly enjoyed every moment of the meeting. The music of the evening was furnished by the Peerless Jazz Band, one of the best organizations of its kind in the city. The spirit of their "peppery-full-of-ginger" music was soon caught by the audience, and under the leadership of Arthur Schreiber of the Carnegie National Bank, the fellows sang many of the patriotic and popular songs. In the absence of Mr. Wills, J. S. M. Phillips, one of the early presidents of our chapter and now vice-president of the Continental Trust Company, was called on to preside. The principal speaker of the evening was Attorney George R. Wallace of Pittsburgh. Mr. Wallace has appeared before our chapter several times and each time has gained favor. On this night he capped the climax of his popularity with our members by delivering a most remarkable address on the "German Menace." After Mr. Wallace's address Mr. Phillips called on some of the charter members and past presidents of the chapter for short speeches. Among those who responded were P. S. Space, H. E. Reed, Jean Phillips and D. A. Mullen. After the addresses, a light lunch, which had been prepared by a committee of our own members, was served and the smokes passed around. At the March meeting of the board of governors, the chairman of the educational committee, W. P. Watson, presented a very encouraging report of the activities in charge of his committee. The men's classes are progressing nicely and in spite of the fact that many of the most faithful members of the classes have answered Uncle Sam's call, the attendance keeps up very well, but the girls' classes have exceeded all expectations. In two registration nights the total enrollment of 228 was taken. The class is so large that in order to handle it properly it had to be divided into two classes, one group to meet Monday evening and one on Thursday. The course being followed is "Elementary Banking" and the Institute textbook is being used. The teachers are being recruited from some of the ablest men in the various local banks. The class has held three meetings. The first night was spent in registering and organizing the class. This was in

charge of Messrs. Watson, Reed and Gibson. On the second night, Alex Dunbar, cashier of the Bank of Pittsburgh, N. A., lectured on the work of the messenger. On the third evening V. C. Boggs, of the Columbia National Bank, lectured on the "Operation of the Clearing House." Under the present arrangement the same lecture is to be given on Monday and Thursday of each week.

W. A. KORB.

FOR PUBLICITY COMMITTEES

George W. Simpson, chairman of the publicity committee of Boston Chapter, is the right man in the right place. The following is from the March issue of the *Chapter Calendar* of Boston Chapter:

What better publicity can a chapter have than to have its members become Institute graduates? The knowledge that the members have obtained through the courses offered by the chapter will readily speak for itself and so, in turn, promote publicity for the Institute.

MINNEAPOLIS CHAPTER

Minneapolis Chapter was fortunate on the evening of March 2, to capture three of the prizes at the Twin City Speed Contest held in St. Paul. On Tuesday, March 26, there will be a social evening at the Minneapolis Institute of Arts. It is expected that practically all of the bank men of the city will be in attendance. A class in income tax matters is being organized with Arthur J. Edwards, assistant secretary of Wells-Dickey Company, as instructor. The membership campaign for the second half of the year is progressing very satisfactorily.

E. H. HAVERSTOCK.

CHATTANOOGA PROMOTION

J. H. McDowell, Institute graduate and formerly president of the Chattanooga Chapter, was recently made an assistant cashier of the American Trust and Banking Company of Chattanooga, Tennessee.

NEW YORK CHAPTER

The present month sees our winter schedule well under way, and finds much progress being made by our energetic educational committee toward next season's plans. While it may be premature at this time to make forecasts and announcements regarding the success of the season's work, yet we may well make brief references to a few of the new courses, such for instance as the course in foreign trade, which has created much interest and enthusiasm among the bankers of the city. An ideal course has been arranged, consisting of twelve lectures supplemented by a twelve volume text, covering the various phases of the subject. The timeliness of such a course again evidences the efforts of the chapter to best serve the banking needs of the city and country. The extension work, which was undertaken somewhat as an experiment, has proven highly successful in results. Five classes in bank machinery are now being conducted in the larger banking institutions of the city. There is little doubt that the chapter will be called upon to conduct such

extension classes in more advanced subjects next season. Another attractive addition to the winter schedule is the Berol course in memory training. It has been accorded its usual hearty reception, due to the realization on the part of every one that he is sadly deficient when it comes to remembering facts, figures, and names. Our educational chairman has been especially fortunate in securing the services of Professor Currier of the State Law School of Newark to complete the course in "Commercial Law," inasmuch as Professor Edgerton of Yale was obliged to discontinue his lectures due to extra duties imposed upon him in connection with government service.

The Fifth Annual Forum Dinner, at the Hotel McAlpin, on April 3, presided over by our genial chairman, Mr. Philpot, proved a fitting close to the Forum's most successful season. About 300 members, of the older variety, giving a rousing welcome to the speaker of the evening, Senator Theodore E. Burton, president of the Merchants National Bank, who entertained the audience with an able and patriotic talk on "Our Country's First Year in the World War." Several "ex-tems" on the part of our own members lent color and amusement to the occasion until the curtain rose for the last act, consisting of an informal dance, which proved a delightful climax. In passing it is well to call attention to the promotion work being done, and plans inaugurated by our membership committee. Adopting the tactics, now familiar to our members by reason of participation in Liberty Loan work, it proposes to make use of its "Four Minute Men" in acquainting the men of all the banks in New York and vicinity, with nature and quality of the subjects offered at the chapter and the educational advantage to be gained therefrom. Such a campaign will, without doubt, stimulate great interest on the part of thousands of bank men who have not as yet "seen the light." The third and youngest of our Forums, that of the trust companies, has already demonstrated its need and justified its formation. A large and enthusiastic audience enjoyed the address of D. S. Remsen on the subject of "Wills," at the chapter rooms on March 14.

While we are proud that the number of stars in our Service Flag continues to increase, yet it becomes our sad duty to record from time to time, the names of our members who have sacrificed their lives for their country. Robert Gray, Jr., a graduate of New York Chapter, and a former employee of the Guaranty Trust Company, was killed on February 23 in an aeroplane accident near Memphis, Tenn.

B. P. GOODEN.

LANCASTER CHAPTER

The "Garden County Chapter" held its first annual dinner, Saturday evening, March 16, at the Stevens House, Lancaster, Pennsylvania. There were present 228 members, friends and guests. Our friends of Philadelphia Chapter are trying to make Lancaster a suburb, yet we are seventy miles to the west of them. They came seventeen good and true men strong, and you can imagine how delighted the Lancaster men were. Philadelphia Chapter fostered us into being and having taken the plow will not look back. After Reverend Frank G. Bossert delivered the invocation, a good substantial dinner, which complied with the spirit of the National Food Administration was meted out. Following the dinner came a symposium of intellectual and humorous speeches nicely blended. Presi-

dent Snyder, in calling the meeting to order, gave a résumé of the chapter's first year's work, its hopes and reasonable ambitions for the future. He stated that there was a present membership of 128 of which fifty-eight were enrolled in the class on "Commercial Law" with an average attendance of fifty through the winter. John C. Carter, president of the Fulton National Bank, then gave the address of welcome in which he especially urged the forty-nine banks of the city and county to stand behind the chapter in its effort to raise the general efficiency of the young bank men.

The chapter appreciated the presence and address of Rollin P. Grant, president of the Irving National Bank of New York. It is a long way from New York to Lancaster, but Mr. Grant made us feel, and told us so, that he was glad to spend an evening in the "Garden Spot." Mr. Grant stated that he was one of the organizers of New York Chapter and knew the value of the work to young men. His general subject was "The Individual and Cooperation." The burden of his theme was upon the present world struggle and the necessity of all bankers to work together to meet the unprecedented financial requirements of the war. While Mr. Grant dwelt upon the seriousness of the work America had ahead of her, he struck a note of stern conviction that we had the resources and the spirit and the will to carry it through. A rising vote of thanks was given Mr. Grant for the message of inspiration he brought to us.

Then came Cattell!

As the writer is not proficient in shorthand, it is beyond his power to set forth in cold type the avalanche of wit and humor, and good sense too, that Edward James Cattell, city statistician of Philadelphia, poured forth. Mr. Cattell's presence reminded us of the saying of Victor Hugo: "That while his locks were gray, springtime was in his heart."

An appropriate close to our first dinner was the address of Fred E. Farnsworth, General Secretary of the American Bankers Association. Mr. Farnsworth prefaced his remarks by stating that fate had never embarrassed him more than on this occasion when he found that he was to follow Mr. Cattell. If Mr. Farnsworth was embarrassed, the Lancaster bankers were not, for not one of them left the hall while he was speaking. As a matter of fact, Mr. Farnsworth's address was most interesting, as he gave us some very helpful information regarding the coming Liberty Loan. He also referred to the effort of the American Bankers Association to induce the authorities at Washington to spread over a larger period of time the collection of the heavy income and excess profits tax due June 15, in order to prevent any undue financial strain over the country.

Richard W. Hill, assistant to the educational director, also spoke. The chapter noted with pleasure the presence of W. W. Allen, Jr., president Philadelphia Chapter, C. W. Stevens, president Boston Chapter, Oliver C. White, president Baltimore Chapter, A. G. Eden, president Harrisburg Chapter, William S. Evans, past president of the Institute, Norman T. Hayes, past president Philadelphia Chapter and O. Howard Wolfe, cashier of the Philadelphia National Bank and past president New York Chapter.

Preceding the dinner, a reception was held in the main lobby of the Stevens House, in charge of the reception committee which was comprised of John C. McClain, vice-chairman Liberty Loan Committee, chairman; A. K.

Hostetter, cashier Conestoga National Bank of Lancaster; J. T. Breneman, secretary Lancaster Trust Company; R. Slaymaker, president Slaymaker Lock Works of Lancaster; I. H. Weaver, director Conestoga National Bank; Charles F. Hager, vice-president Farmers Trust Company of Lancaster.

The whole occasion will be a great stimulus to the chapter's work here in Lancaster County.

WARREN S. REHM.

INDIANAPOLIS CHAPTER

The class in "Commercial Law" in Indianapolis Chapter is progressing very satisfactorily, and the interest of the members of the class is being very well maintained. We have just started on the "Negotiable Instruments" text-book, and expect an enrollment of about twenty-seven in that class. Our law instructor is Judge John A. Rohbach, Dean of the Indiana Law School. It is our hope that a very large part of the class will participate in the final examination.

L. C. BREUNIG.

HARTFORD CHAPTER

The "Law" class has now completed its study of "Commercial Law," and on February 21 started on "Negotiable Instruments." The "Elementary Banking" class finished its last lesson February 20. A review was held on February 25, and the examination March 4. The examination is one prepared by national headquarters and is the one given to this class throughout the country. The success of the class has been due to the inspiring instruction of Messrs. Kane, Joy, Sherwood, Outtrim and Johnson, to whom the chapter is deeply indebted, and to the members, especially the new recruits, the young ladies, who have attended so faithfully. J. C. Loomis, treasurer of the Commercial Trust Company of New Britain, has been elected vice-president and director of the Peoples' Savings Bank of New Britain. Mr. Loomis is a past president of Hartford Chapter, and at all times an active chapter worker.

SACRAMENTO CHAPTER

The educational work of Sacramento Chapter is progressing satisfactorily notwithstanding the fact that there has been a loss of members because of the war. At the present time we have sixteen enrollments in the "Law" class and forty-six enrollments in the "Elementary Banking" class. Our degree of success may be estimated when it is realized that the above enrollments total practically ninety per cent. of our bank employees.

J. E. SEATON.

GREAT FALLS CHAPTER

On February 21, Great Falls Chapter of the American Institute of Banking held its mid-year banquet at the Park Hotel of this city. LaRue Smith, an attorney of this city, and the chapter instructor in "Commercial Law" and "Negotiable Instruments" classes was master of ceremonies at the program which followed a seven course dinner. The chapter was favored by addresses from three of Montana's most distinguished citizens. Hon. C. B. Roberts, the new president of the Cascade Bank of Great

Falls, brought an enlightening message concerning the financial legislation enacted during the extraordinary session of Montana's legislature of this year. Harry Yagge, vice-president of the Great Falls National Bank, and former national bank examiner for the Montana district, delivered an inspiring address based on knowledge gained by personal experience with the A. I. B. courses. E. H. Cooney, one of Montana's pioneer editors concluded the program with a masterful after dinner speech effervescing with funny stories on the officers present and valuable tips to the younger members of the chapter.

BOSTON CHAPTER

The progress of the public speaking course has been closely watched by the chapter members and the results have been so satisfactory that the members enrolled, now fully acquainted with its ever increasing advantages and possibilities, have expressed their wishes that the course be extended several weeks longer. Mr. Poland has kindly consented to continue his instruction for the additional time. With a view of trying out our talent, the members of the class have arranged to hold a "Hooverized Dinner" on Thursday evening, April 4. It is intended to have each man give a short after dinner talk, thereby giving him a taste of informal public speaking. Thirty-nine of the members that took the examination in "Banking," successfully passed. A second examination will be held in April for those who were either unable to take the regular one or were unsuccessful. The following nominating committee for the annual election in May, has been appointed by President C. W. Stevens: Eliot F. Larned, National Shawmut Bank, chairman; Robert E. Fay, Exchange Trust Co.; John Johnston, Old Colony Trust Co.; William Willett, Federal Reserve Bank and Harry W. Bond, First National Bank. GEORGE W. SIMPSON.

PHILADELPHIA CHAPTER

Our chapter meetings have been largely devoted to work of a patriotic nature. On March 1 a very enthusiastic meeting was held at the Manufacturers' Club, and we were particularly fortunate in securing Miss Susanne Silvercrucys as the principal speaker on the subject of "Belgium." Miss Silvercrucys is the daughter of the Chief Justice of Belgium and told the story of her own experiences when Belgium was invaded by the German army. She recited the many hardships endured by her country-folk. The talk was illustrated by pictures showing the different periods in the history of this peace-loving, picturesque little country up until the time it was virtually in a state of entire ruin. Our president, W. W. Allen, Jr., was delegated to deliver a four minute speech and his talk was of such a thrilling and inspiring nature as to call forth a letter of commendation from the committee in charge of the Four Minute Men, in which they expressed the opinion that it was the best four-minute speech delivered in this section. The attendance at this meeting was about 1,100. On Thursday evening, March 14, the last Members' Nights Meeting of the season was held in the chapter rooms. There were two speakers on two very interesting topics. Carl H. Chaffee, assistant cashier of the First National Bank, was very clever in his handling of the subject "Interest Accrued and Uncollected, Discount Collected and Unearned." The

system employed in the First National Bank was set forth in a clear and satisfactory manner.

James Rattray, of the Guaranty Trust Company of New York City, and member of the Executive Council of the Institute, was both entertaining and instructive in his exposition of "War Taxes." Those who have been following the income tax problems very closely say that this was the most illuminating talk on the income tax yet delivered in Philadelphia. Mr. Rattray has every decision and ruling of the Internal Revenue Department well in hand and he knows whereof he speaks. Besides being well-informed, he proved himself to be a ready and able speaker. He made many new friends in our midst and we hope that he will come again.

Our April 5 meeting will be devoted to the subject "War Savings." Banking institutions of the country are called upon to aid the government in placing Liberty loans, certificates of indebtedness, war savings stamps, and thrift stamps. This meeting is for the purpose of organizing War Savings societies in every banking institution in the Philadelphia district, in order that bank men may be doing their part not only in purchasing but in placing war savings stamps. The speakers will be Lieutenant F. A. Sutton of the Royal Engineers, who is an expert on big guns and will tell of his experiences at the front, including the Gallipoli campaign, and Benjamin H. Ludlow, Esq., chairman of the War Savings Society Section. Our Debate Section has been doing exceptionally good work this season and their program includes an inter-chapter debate with New York City on April 12, the subject being "Government Railroad Ownership." We will have the negative side. On April 20, our annual Educational Consulate dinner will be held, and owing to the fact that our usual annual chapter dinner was patriotically set aside, we expect an unusually large attendance, and an interesting and pleasant evening is assured. On April 26, we will hold our annual public speaking contest, which is participated in by our chapter members, and we have eight entries at this time on widely different up-to-the-minute subjects. The work of the educational classes is drawing to a close with final examinations in most of the classes being held during the month. In spite of the war conditions the consulate and membership teams are doing excellent work and up to March 20, we have secured 278 new members this year. The board of governors passed a resolution at their last meeting that the chapter display a service flag in recognition of those in our membership who are playing their part in Uncle Sam's work. O. STUART WHITE.

SAN FRANCISCO CHAPTER

San Francisco Chapter, although not heard from recently, is still in existence, getting results. All of its six classes have been well attended—particularly the "Elementary Banking" class, which has been under the supervision and instruction of E. V. Krick, assistant cashier of the Savings Union Bank & Trust Company and second vice-president of San Francisco Chapter. This is a new feature with us this year and it is gratifying to say that the officers of the San Francisco banks are encouraging all their junior employees to take up the "Elementary Banking" course. We have had numerous lectures on special topics by business men, one in particular by John S. Chambers, comptroller of the State of California,

who very interestingly told us how the finances of the state were handled. We have also had much success with our foreign exchange class which terminated in January and resulted in a foreign trade forum being organized by members of San Francisco Chapter. Meetings are held on Monday evenings and men connected with the various branches of the foreign business, both export and import, and men who have been in foreign countries, are invited to talk to the members of this forum on different angles of the foreign trade, and much valuable information has in this way been transmitted to its one hundred members. On last Monday evening we were favored by our old friend and past president, Wm. A. Day, now assistant deputy governor of the Federal Reserve Bank, who talked on "Trade Acceptances." The meeting was largely attended by many of our old members who took this opportunity of paying homage to the man who started San Francisco Chapter on its truly educational career. War Savings Societies have been formed in many of our banking institutions through the energetic efforts of the chapter's chairman of this committee, John S. Curran, assistant cashier of The Anglo & London Paris National Bank. Although we have lost some 250 of our members in the service, we have been able to maintain our membership total, which at the present time is about 1,175. Vice-President E. V. Krick has been elected an assistant cashier of the Savings Union Bank & Trust Co. Now for the next Liberty loan campaign and let us hope that members of San Francisco Chapter will perform their duties and live up to our worthy President's slogan, "WE SERVE."

V. KLINKER.

IS YOUR NAME WRITTEN THERE?

The following is reprinted from *Chapter Topics*, published by Hartford Chapter:

Are you doing your part? We all know about the fellows "over there." Every last one of them is doing his "bit." How about you? We know about the fellows with the fleets, on the transports and at the naval training schools and stations. What about yourself? We know about the men at Devens and at the other cantonments. Are you satisfied with your position as regards the war, or have you something of the feeling of a certain number of young men connected with the Ordnance Department? Some of the boys in question were trained soldiers, West Pointers, whom Uncle Sam had detailed to hold down desks in Washington, and every one of them was "working his head off" for the government. Still when one young man became tired of fighting the Hun with a fountain pen, and secured his transfer with lower pay and rating to active service, his fellow workers proudly displayed a service flag with one star. If you are doing your part you have no reason to have this feeling in the slightest degree. What is your part? You know best, but at any rate it's this: Putting every last bit of your brain, time and strength to work for your country. Buy Liberty Bonds, sell Liberty Bonds, buy War Savings and Thrift Stamps, and promote their sale; save food and fuel; don't talk unless you can boost, and if you think there's a crying need for criticism, let somebody else do it. Are you a successful business man? If so, your business, at present, is war. Let's see you prove your worth and adaptability. There are other ways of getting the Hun besides using a rifle. Try a coal shovel and a cook book. Wherever you are,

"over there" or "over here," FIGHT. We can win this war, but it will take the combined efforts of every one of the hundred million Americans to do it. If an honor roll were to be compiled of those who are doing their full duty at home would your name be there?

ALBANY CHAPTER

The sixth annual banquet of Albany Chapter was held at the Hampton Hotel on March 21 and it was some banquet. The invitations were in the form of a shell with the A. I. B. as the cartridge case and Albany Chapter the firing pin. The powder was the propelling forces of unity, progressiveness, diligence, faithfulness, concentration, courteousness, backbone, industriousness and ambition. The bullets were good times, food, songs, cigars, speeches, music, etc. The menus were in the form of thrift cards with appropriate and witty suggestions thereon and both invitations and menus were the production of the fertile brain of President Gardner B. Perry. The feature of the evening was the unfurling of a huge service flag with a stirring address by Jacob H. Herzog, vice-president of the National Commercial Bank in honor of forty-four members of Albany Chapter, who are now with the colors. The speakers were Alexander H. Abbott, Pastor of the Emanuel Baptist Church, Albert W. Clark, who was introduced as the man who was next to Hoover in Belgium and is now in charge of the welfare work at the General Electric Company of Schenectady, Joseph A. Lawson, a prominent local attorney and Roy S. Smith, vice-president of the American Cities Bureau. Space does not permit the reproduction of the many good things they had to say, but the keynote of the evening was disinterested service to the government to help win the war. Albany Chapter has just established over 1700 thrift stamp agencies in Albany and Troy and in a telegram to Secretary McAdoo, approved by those present at the banquet, have offered their services for the Third Liberty Loan.

The following telegram from the Secretary of the Treasury was received at the close of the dinner.

March 23, 1918.

GARDNER B. PERRY,

President Albany Chapter American Institute of Banking, Albany, N. Y.

Deeply appreciate patriotic and public spirited pledge of the Albany Chapter American Institute of Banking to assist in third liberty loan campaign. This campaign gives an opportunity to every American to demonstrate anew his loyalty and support of his government in this great crisis in the national history. I confidently hope and expect that Albany will do its full share and feel sure that the support of your organization will do much to bring about this result—W. G. McAdoo.

The out of town guests were John T. Hanefy, Rochester, Harry J. Loomis, Rochester, Albert B. Merrill, Syracuse, Francis P. McGinty, Utica, and Hugh T. Owen, Utica. Two members of Albany Chapter who have recently been promoted to official positions in their respective institutions are Frank E. Sheary, assistant cashier of the Manufacturers National Bank, Troy, N. Y., and Earl V. Ketchum, cashier of the Union National Bank, Schenectady, N. Y.

HALSEY W. SNOW, JR.

MORTUARY RECORD OF ASSOCIATION MEMBERS

REPORTED FROM FEBRUARY 26 TO MARCH 26, 1918

- Avery, William G., vice-president & treasurer Athol Savings Bank, Athol, Mass.
- Browne, Frederick P., vice-president First National Bank, Bay City, Mich.
- Buxton, William, Sr., president Warren County State Bank, Indianola, Iowa.
- Cleminshaw, Charles, director Security Trust Company, Troy, N. Y.
- Coplin, Charles M., assistant cashier Bank of Saginaw, Saginaw, Mich.
- Cowden, D. L., president Bank of Horatio, Horatio, Arkansas.
- Crissey, Harlow J., ex-president Citizens Trust Co., Fredonia, N. Y.
- Deming, Henry Seth, director First National Bank, Santa Cruz, Cal.
- Dreyfuss, Ludwig, Goldman, Sachs & Co., New York N. Y.
- Harper, John Bell, chairman of board, Southwark National Bank, Philadelphia, Pa.
- Harris, Edwin S., cashier Michigan State Bank, Eaton Rapids, Mich.
- Hedge, H. B., vice-president Central State Bank, Des Moines, Iowa.
- Holliday, William J., director Indiana National Bank, Indianapolis, Ind.
- Hughes, Samuel B., chairman of board, City National Bank, Paducah, Ky.
- Huntington, P. W., Huntington National Bank, Columbus, Ohio.
- Langley, George B., director Millville National Bank, Millville, N. J.
- Lathrop, Dr. George Henry, president Livingston Manor National Bank, Livingston Manor, N. Y.
- Meyers, Henry, director Hobart Trust Company, Passaic, N. J.
- Noon, Thomas F., president Peru State Bank, Peru, Ill.
- Pope, George A., director Savings Bank of Baltimore, Baltimore, Md.
- Smith, Frederick H., vice-president Dime Savings & Trust Company, Peoria, Ill.
- Stern, Gustav, vice-president First National Bank, Allegan, Mich.
- Stillman, James, chairman of board, National City Bank, New York, N. Y.
- Theiss, George Washington, director Duquesne National Bank, Pittsburgh, Pa.
- Tobin, Joseph S., president Hibernia Savings & Loan Society, San Francisco, Cal.
- Watts, F. S., cashier First National Bank, Audubon, Iowa.
- Winship, Frank Aborn, treasurer Wakefield Trust Company, Wakefield, Mass.

REGISTRATION AT THE ASSOCIATION OFFICES

REPORTED FROM FEBRUARY 26 TO MARCH 26, 1918

- Barber, J. E., cashier Franklin National Bank, Franklin, Mass.
- Bishop, A. G., president Genesee County Savings Bank, Flint, Mich.
- Bowman, Louis A., Northern Trust Company, Chicago, Ill.
- Branch, Jas. R., New York, N. Y.
- Brown, Jos. G., president Citizens National Bank, Raleigh, N. C.
- Burton, Theodore E., president Merchants National Bank, New York, N. Y.
- Dow, C. M., president National Chautauqua County Bank, Jamestown, N. Y.
- Flynn, F. A., assistant secretary New York Trust Co., New York, N. Y.
- Hazelwood, C. B., vice-president Union Trust Company, Chicago Ill.
- Head, W. W., vice-president Omaha National Bank, Omaha, Neb.
- Lersner, V. A., comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.
- Noel, Joseph R., president Noel State Bank, Chicago, Ill.
- Parsons, Howard H., Detroit, Mich.
- Roberts, Geo. E., assistant to president, National City Bank, New York, N. Y.
- Rooney, J. J., Fort Hamilton, N. Y.
- Russell, R. La Motte, president Manchester Trust Company, South Manchester, Conn.
- Sadd, W. A., president Chattanooga Savings Bank, Chattanooga, Tenn.
- Schneiderhan, Otto, Fort Hamilton, N. Y.
- Simpson, Geo. W., Publicity Department, National Union Bank, Boston, Mass.
- Smith, E. K., president Commercial National Bank, Shreveport, La.
- Serner, W. H., New York, N. Y.
- Stevenson, Andrew, president Bank of Alaska, Skagway, Alaska.
- Strong, L. R., New York, N. Y.
- Strong, S. Fred, treasurer Connecticut Savings Bank, New Haven, Conn.
- Swift, A. D., assistant cashier Central National Bank, Philadelphia, Pa.
- Teter, Lucius, president Chicago Savings Bank & Trust Co., Chicago, Ill.

TITLE CHANGES AMONG BANK OFFICERS

Following is a list of officers' title changes in institutions which are members of the American Bankers Association, reported to the JOURNAL-BULLETIN from February 26 to March 25, 1918, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members:

ALABAMA

Attalla—George P. Walker, vice-president Attalla Bank, resigned.

Birmingham—Thomas Hopkins, formerly cashier, elected vice-president First National Bank; Thomas Bowron, formerly assistant cashier, now cashier.

Decatur—John D. Rather elected chairman of board Tennessee Valley Bank, succeeding A. F. Rebman.

ARKANSAS

Brinkley—C. G. Woodfin appointed cashier Bank of Brinkley, succeeding F. L. Major, now state bank examiner.

Lonoke—W. W. McCrary elected president Lonoke County Bank, succeeding Judge Walls, resigned.

Marshal—W. T. Moore appointed cashier Arkansas National Bank, succeeding E. R. Treece, resigned.

Newport—John E. Williams elected cashier Arkansas Bank & Trust Company, succeeding G. Hart.

Ozark—Finis Stockton, formerly assistant cashier, elected cashier Peoples Bank, succeeding Harley Russell, resigned.

CALIFORNIA

El Segundo—J. D. D. Gladding elected cashier El Segundo State Bank, succeeding E. O. Lewis, resigned.

National City—George B. Winship elected vice-president Peoples National Bank, succeeding B. J. Edmonds, retired.

Oakland—Claud Gatch elected vice-president Central National Bank and Central Savings Bank, succeeding H. N. Morris, retired.

San Diego—C. B. Whittelsey elected cashier Citizens Savings Bank.

San Diego—E. O. Hodge, formerly cashier and vice-president Southern Trust & Commerce Bank, now vice-president; F. H. Thatcher elected cashier.

San Francisco—Ira Clerk appointed cashier Federal Reserve Bank, succeeding George O. Bordwell, resigned.

San Francisco—O. Ellinghouse, formerly cashier, elected vice-president Mercantile National Bank; F. O. Cooke, formerly assistant cashier, elected vice-president; Thomas M. Paterson, formerly assistant cashier, now cashier.

COLORADO

Durango—Clayton C. Perkins elected vice-president Burns National Bank, succeeding Monroe Fields.

Trinidad—R. S. Gregory appointed cashier Commercial Savings Bank, succeeding O. C. Samuel.

CONNECTICUT

Canaan—William S. Smart appointed cashier Canaan National Bank, succeeding J. H. Lansing.

Greenwich—E. C. Converse elected president Greenwich Trust Company, succeeding Robert Jay Walsh; A. W. W. Marshall elected vice-president and secretary; W. B. Todd elected treasurer.

New Haven—W. Perry Curtiss, formerly vice-president and treasurer, elected president Union & New Haven Trust Company, succeeding Eli Whitney, who becomes chairman of board; Henry L. Galpin, formerly secretary, now vice-president and secretary; Dean B. Lyman, formerly assistant treasurer, appointed treasurer.

GEORGIA

Atlanta—H. W. Dews elected secretary and treasurer Continental Trust Company, succeeding Chas. A. Bickerstaff.

Atlanta—Charles I. Ryan, formerly vice-president and cashier, now vice-president Fourth National Bank; William T. Perkerson, formerly assistant cashier, appointed cashier.

Macon—W. R. Rogers, Jr. elected vice-president Fourth National Bank.

Savannah—Hugo I. Frank, formerly vice-president, elected president Citizens Trust Company, succeeding Charles F. Fulton, now chairman of board; Charles P. Rowland, elected vice-president.

IDAHO

Ilo—J. J. Mockler appointed cashier Ilo State Bank, succeeding P. J. Miller.

Lewiston—P. J. Miller elected cashier Lewiston National Bank, succeeding J. M. Bonner, resigned.

Orofino—George H. Waterman elected president Fidelity State Bank, succeeding J. W. Blake.

Pocatello—D. W. Church elected president Bannock National Bank, succeeding Iuman Fargo; S. L. Reece appointed cashier.

Spirit Lake—C. C. Richardson elected cashier Bank of Spirit Lake, succeeding J. H. Marshall, resigned.

Weiser—Herman Haas, formerly vice-president, elected president First National Bank, succeeding Geo. V. Nesbit; John N. Cobbs now vice-president.

ILLINOIS

Carrollton—Frank A. Whiteside elected president Greene County National Bank, succeeding O. Pierson, deceased.

Chicago—Edward E. Payne, formerly president Central Manufacturing District Bank, elected vice-president Illinois State Bank of Chicago, succeeding Emile Levy.

Galesburg—S. V. Stuckey, formerly cashier, elected president Farmers & Mechanics Bank, succeeding Leon A. Townsend; G. T. Townsend now cashier.

Moline—J. A. Schmidt, formerly vice-president, elected president Commercial Savings Bank, succeeding John Weckel.

Peru—Otto J. Loekle, formerly assistant cashier, appointed cashier Peru State Bank, succeeding Adolph Hoss, deceased.

Springfield—James A. Easley elected vice-president and cashier First National Bank.

INDIANA

Lafayette—Julius L. Loeb, formerly vice-president, elected president Tippecanoe Loan & Trust Company, succeeding Samuel C. Moore; Henry A. Miller appointed vice-president.

IOWA

Davenport—H. J. Zeuch elected second vice-president Scott County Savings Bank.

Vinton—W. H. Hanna elected vice-president Peoples Savings Bank.

Washington—Harvey S. Young, formerly cashier Winfield State Bank, appointed cashier Washington National Bank, succeeding Walter F. Wilson, resigned.

Winfield—J. C. Coonrod elected cashier Winfield State Bank, succeeding Harvey S. Young, resigned.

KANSAS

Wichita—R. C. Clevenger elected vice-president Wichita State Bank, succeeding H. J. Hagny.

KENTUCKY

Flemingburg—John L. Reid appointed cashier Deposit Bank of Pearce Fant & Company, succeeding W. H. Barksdale, resigned.

LOUISIANA

Gueydan—John G. Neelis, formerly active vice-president, elected president Bank of Gueydan, succeeding Worthy Quereau; Leo P. Bonnin, formerly cashier, now vice-president.

MARYLAND

Baltimore—Walter W. Beers appointed cashier National Union Bank, succeeding S. Sterett McKim, now vice-president Savings Bank of Baltimore.

Baltimore—Charles C. Homer, Jr., elected president Savings Bank of Baltimore, succeeding William H. Conkling, now chairman of board.

Baltimore—William E. Wagner, formerly cashier, elected second vice-president Second National Bank; Daniel J. Emich, formerly assistant cashier, now cashier.

Hagerstown—J. Augustine Mason elected vice-president Peoples National Bank, succeeding Geo. W. Egerly, deceased.

MASSACHUSETTS

Boston—J. Edward Barry elected vice-president Fidelity Trust Company.

Boston—James E. Ryder, formerly credit manager, appointed cashier National Shawmut Bank.

Milton—Henry H. Allen, formerly assistant cashier, appointed cashier Blue Hill National Bank, succeeding Sarell J. Willis, resigned.

Provincetown—John A. Matheson elected president First National Bank, succeeding Moses N. Gifford, deceased.

Springfield—Harlan S. Kaplinger, assistant cashier, appointed cashier Third National Bank, succeeding George C. Stebbins.

Uxbridge—Edward R. Grosvenor appointed treasurer Uxbridge Savings Bank, succeeding Charles A. Barton, now vice-president Blackstone National Bank.

Worcester—George A. Gaskill elected president Peoples Savings Bank, succeeding Charles M. Bent, now vice-president; Matthew J. Whittall and William W. Johnson elected vice-presidents.

MICHIGAN

Alpena—William A. Prince, formerly vice-president, elected president Alpena County Savings Bank, succeeding Fred L. Richardson; F. I. Holmes now vice-president.

Holland—John G. Rutgers, formerly cashier, appointed vice-president Peoples State Bank; Henry Winter, formerly assistant cashier, now cashier.

MINNESOTA

Aitkin—Walter Obey appointed cashier National Bank of Aitkin, succeeding J. B. Galarneau, retired.

Gilbert—T. A. Flannigan elected first vice-president First National Bank, succeeding W. B. Shaver; M. G. Kraker appointed second vice-president, succeeding George A. Mihelich; C. B. Hoel appointed third vice-president.

Lake City—Thomas J. Morrow elected president Citizens Bank of Lake City, succeeding E. F. McCall, deceased.

Lamberton—George J. Grim, formerly cashier, elected president First National Bank; H. M. England, formerly assistant cashier, now cashier.

St. James—J. C. Jensen appointed cashier Security State Bank, succeeding Chas. Nelson, retired.

St. Paul—Cyrus P. Brown, formerly vice-president, now president First National Bank, succeeding E. H. Bailey who becomes chairman of executive committee.

Stillwater—A. J. Lehmiche, formerly cashier, elected president Lumbermens National Bank; J. E. Gillespie, formerly assistant cashier, appointed cashier.

MISSISSIPPI

Laurel—T. W. Yates, formerly cashier, now vice-president and cashier Commercial Bank & Trust Company.

Meridian—A. D. Simpson, formerly cashier, elected active vice-president and cashier First National Bank; Walker Broach, formerly active vice-president, now vice-president Whitney-Central National Bank of New Orleans; Levi Rothenberg elected vice-president.

MISSOURI

Butler—Wesley Denton, formerly cashier, now president Peoples Bank, succeeding J. R. Jenkins; Frank L. Gench appointed cashier.

Kansas City—D. A. McDonald appointed vice-president Fidelity Trust Company.

Kansas City—O. C. Snider elected vice-president Southwest National Bank of Commerce.

Kansas City—Bird H. McGarvey, formerly cashier, now vice-president State Bank of Kansas City; James

L. McDonald, formerly state bank examiner, appointed cashier.

St. Louis—Raymond F. McNally, vice-president Mississippi Valley Trust Company, resigned.

MONTANA

Billings—O. W. Allen, formerly cashier, elected vice-president American Bank & Trust Company; Joseph L. McClellan, formerly assistant cashier, appointed cashier.

Geraldine—O. A. Bergeson elected vice-president Montana State Bank, succeeding C. E. Shoemaker, retired.

Joliet—F. A. Carmony elected president Joliet State Bank, succeeding W. H. Hopkins, resigned.

Lewiston—Charles Wiper appointed cashier Empire Bank & Trust Company, succeeding Frank J. Hazen, resigned.

Missoula—D. C. Smith appointed second vice-president First National Bank.

NEBRASKA

Creston—H. W. Luedtke, formerly cashier, elected vice-president Citizens State Bank; E. E. Luedtke, heretofore assistant cashier, appointed cashier.

Lincoln—E. E. Emmett, formerly state bank examiner, appointed cashier Central National Bank, succeeding Sam Patterson, now auditor of Treasury, Washington, D. C.

NEVADA

Tonopah—George Wingfield elected president Tonopah Banking Corporation, succeeding H. C. Brougher, now vice-president.

Winnemucca—F. M. Lee elected vice-president First National Bank; J. Sheenan, formerly cashier, now second vice-president; C. L. Tobin, formerly assistant cashier, appointed cashier.

NEW JERSEY

Penn's Grove—Jos. S. Flanigan, formerly assistant cashier, appointed cashier Penn's Grove National Bank, succeeding John Hare, Jr., resigned.

NEW YORK

Jamaica—Daniel W. Quinn, Jr. elected president Queens County Trust Company, succeeding Robert B. Austin; Harry V. Hoyt, formerly assistant secretary, now vice-president.

Lowville—C. Fred Boshart, formerly vice-president, now president First National Bank; Howard I. LeFevre appointed vice-president and W. J. Milligan cashier.

Montour Falls—W. I. Jones appointed cashier Montour National Bank, succeeding J. Howard Heim, resigned.

New York—Thomas B. Hanson, formerly assistant cashier Bank of Long Island, appointed cashier Bronx Borough Bank, succeeding Wm. S. Germain, resigned.

New York—H. D. Campbell appointed vice-president and secretary Mercantile Trust & Deposit Company.

New York—Herbert W. Morse, formerly secretary, elected vice-president New York Trust Company; Boyd G. Curts appointed secretary.

New York—W. A. Radford appointed vice-president Sherman National Bank.

Schenectady—Earl V. Ketchum, formerly assistant cashier, elected cashier Union National Bank, succeeding W. S. Lambie, resigned; Willis T. Hanson, Jr. now vice-president.

Troy—Harold K. Downing, formerly secretary and treasurer, elected vice-president and secretary Troy Trust Company; Fred Bunce, formerly assistant secretary and assistant treasurer, now treasurer and assistant secretary.

Watertown—W. W. Conde, formerly second vice-president, elected first vice-president Watertown Savings Bank, succeeding George H. Babcock, deceased; Silas L. George now second vice-president.

NORTH DAKOTA

Beach—R. C. Fuller appointed cashier Golden Valley State Bank, succeeding T. E. Hayward.

Mandan—George F. Wilson elected cashier Merchants National Bank, succeeding L. S. Royer, resigned.

New Rockford—Harry C. Sexton elected president and R. F. Rinker vice-president Bank of New Rockford.

OHIO

Coshocton—Thad. L. Montgomery, formerly cashier, elected first vice-president Coshocton National Bank; R. Q. Baker, formerly assistant cashier, appointed cashier. Massillon—I. M. Taggart, elected president Merchants National Bank; Fred H. Snyder, vice-president; A. J. Waltz, cashier.

Shelby—J. W. Williams elected president First National Bank, succeeding B. J. Williams, now chairman of board.

OREGON

Albany—D. H. Bodine elected president Albany State Bank; C. E. Williamson, formerly assistant cashier, appointed cashier.

Portland—Will H. Bennett, cashier Citizens Bank, resigned to become superintendent of Oregon banks.

Portland—Wilfrid P. Jones, vice-president Northwestern National Bank, resigned.

Vale—Albert W. Reed elected cashier First National Bank, succeeding Chas. E. Flynn, resigned.

PENNSYLVANIA

Allentown—George K. Mosser elected vice-president Lehigh Valley Trust Co.

Philadelphia—E. S. Lewis, cashier Farmers' and Mechanics' National Bank, resigned to become assistant cashier Philadelphia National Bank.

Philadelphia—Thomas S. Gates, president Philadelphia Trust Company, resigned to become partner in firm of Drexel & Company.

Philadelphia—Walter Scott, formerly president, elected chairman of board Tenth National Bank; Charles Class, formerly vice-president, now president.

Pittsburgh—Clarence W. Orwig, treasurer Commonwealth Trust Company also elected secretary, succeeding David H. Thomas, resigned.

Pittsburgh—Thomas C. Griggs appointed cashier Federal Reserve Bank of Cleveland.

Pittsburgh—E. V. Hays, formerly cashier, elected second vice-president Union Savings Bank; H. I. Collingwood, formerly assistant cashier, now cashier.

Scranton—George Munchak elected vice-president Bosak State Bank; E. A. Bosak, formerly vice-president, now cashier.

SOUTH CAROLINA

Charleston—Robert C. Leiby elected vice-president Enterprise Bank, succeeding N. A. Hunt, deceased.

SOUTH DAKOTA

Groton—W. B. Miller elected president First National Bank, succeeding Mrs. A. M. Neff.

Letcher—W. A. Anderson, formerly assistant cashier, appointed cashier First National Bank.

Miller—F. D. Greene, formerly cashier, elected president First National Bank; A. B. Cahalan, formerly assistant cashier, now cashier.

Sioux Falls—John Barton, formerly cashier, elected vice-president Security National Bank; Fred H. Klawson, formerly assistant cashier, appointed cashier.

TENNESSEE

Nashville—John C. Page elected cashier Tennessee Hermitage National Bank, succeeding J. L. Campbell.

TEXAS

Beaumont—George W. Brown elected active vice-president Guaranty Bank & Trust Company; W. A. Priddie elected vice-president, succeeding Charles R. Bone, deceased.

Cuero—Sam C. Lackey elected vice-president First State Bank & Trust Company.

Cumby—J. M. Branom appointed cashier Cumby State Bank, succeeding C. A. Bridges, resigned.

Denison—Clarence Scott, formerly cashier, elected vice-president Denison Bank & Trust Company; J. C. Lovelace appointed cashier.

Denton—J. R. Christal, formerly vice-president, elected president Exchange National Bank, succeeding A. J. Nance, resigned; Ed. F. Bates now vice-president.

Galveston—C. G. Sweet, formerly cashier, elected vice-president South Texas State Bank; August T. Schwarzbach, formerly cashier City National Bank, Galveston, now cashier.

Giddings—William O. Bowers elected vice-president Citizens State Bank, succeeding J. Durrenberger.

Longview—C. T. Thompson elected active vice-president First National Bank.

Vernon—T. H. Shive elected second vice-president Waggoner National Bank.

VIRGINIA

Glade Spring—S. W. Keys, formerly assistant cashier, elected cashier Bank of Glade Spring, succeeding M. M. Morriss, deceased.

WASHINGTON

Creston—Charles E. Funkhouser, formerly assistant cashier, appointed cashier Creston State Bank, succeeding George L. Duncan.

Leavenworth—J. B. Adams elected vice-president Leavenworth State Bank, succeeding L. F. Bullis.

Mount Vernon—J. J. Peth elected president Mount Vernon National Bank, succeeding O. Gunderson, deceased.

Spokane—C. E. McBroom, formerly cashier, now vice-president and cashier Exchange National Bank; E. E. Flood elected vice-president.

Vancouver—M. R. Sparks elected vice-president Washington Exchange Bank, succeeding W. P. Crawford, retired.

WISCONSIN

Antigo—J. F. Finucane elected president Langlade National Bank, succeeding J. F. Albers; J. A. Cody elected vice-president.

Crandon—O. J. Swanson appointed cashier First National Bank, succeeding Edwin D. Palmer, resigned.

Eau Claire—M. B. Syverson, formerly assistant cashier, elected vice-president Union National Bank, succeeding J. T. Joyce; Knute Anderson, formerly assistant cashier, appointed cashier, succeeding Marshall Cousins.

Ingram—E. A. Kerslager appointed cashier Ingram State Bank, succeeding M. J. Leinenkugel.

Milwaukee—Fred T. Goll elected vice-president First Trust Company, succeeding William Bigelow, resigned.

Stanley—Imbert Roe, formerly cashier, elected vice-president Citizens State Bank; S. F. Gospodar, formerly assistant cashier, now cashier.

West Bend—Arthur Franckenberg, formerly cashier, elected vice-president Bank of West Bend; Henry A. Otten, formerly assistant cashier, appointed cashier.

MEMBERSHIP CHANGES

REPORTED FROM FEBRUARY 26 TO MARCH 26, 1918

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL-BULLETIN.

Arkansas.....	Altus.....	German American Bank changed to Bank of Altus.	St. Louis.....	Mercantile National Bank absorbed by Mercantile Trust Co.	
California.....	Brawley.....	Imperial Valley Savings Bank succeeded by Imperial Valley Bank.	Montana.....	Hingham.....	W. J. Minkiewitz & Co. succeeded by Farmers State Bank.
	Ojai.....	Ojai State Bank, Nordhoff, now Ojai State Bank, Ojai.		Terrace.....	First State Bank, Vida, now First State Bank of Vida, Terrace.
	Sacramento.....	California Savings Bank succeeded by California Trust & Savings Bank.	Nebraska.....	Tilden.....	German Bank succeeded by State Bank.
	Stockton.....	San Joaquin Valley National Bank absorbed by Bank of Italy.		Wood Lake.....	Third State Bank liquidating.
Colorado.....	Colorado Springs.....	First National Bank, Colorado City, now First National Bank of Colorado City, Colorado Springs.	New Jersey.....	Hackensack.....	Peoples National Bank consolidated with Alliance Trust and Guaranty Company as Peoples Trust and Guaranty Company.
Delaware.....	Wilmington.....	Equitable Guarantee and Trust Co. succeeded by Equitable Trust Co.		Newark.....	Salvatore D'Auria succeeded by Salvatore D'Auria & Sons Bank.
Florida.....	Manatee.....	Manatee Banking Company in receiver's hands.		Paterson.....	Silk City Safe Deposit and Trust Co. changed to Silk City Trust Co.
	Tarpon Springs.....	Greek-American Bank succeeded by Bank of Commerce.	New Mexico.....	East Las Vegas.....	First National Bank, Las Vegas, now First National Bank of Las Vegas, East Las Vegas.
Georgia.....	Macon.....	Continental Bank and Trust Co. merged with Fourth National Bank.		East Las Vegas.....	San Miguel National Bank, Las Vegas, now at East Las Vegas.
Idaho.....	Kimberly.....	Farmers & Merchants National Bank changed to First National Bank.		Las Cruces.....	Farmers Trust and Savings Bank merged with First National Bank.
Illinois.....	Chicago.....	Edgewater State Bank absorbed by Century Trust & Savings Bank.	New York.....	New York.....	German Exchange Bank changed to Commercial Exchange Bank.
	Cuba.....	Farmers State Bank converted to First National Bank.		New York.....	Market & Fulton National Bank succeeded by Irving Trust Company, Market & Fulton Office.
	Oneida.....	Oneida Exchange Bank succeeded by Anderson State Bank.	North Dakota.....	Dickinson.....	German Bohemian State Bank succeeded by Liberty Bank.
Iowa.....	Bremer.....	Farmers Savings Bank of Bremer, Waverly, now Farmers Savings Bank, Bremer.		Grand Forks.....	Scandinavian American Bank succeeded by Northwestern National Bank.
	Calmar.....	Winneshek County Bank changed to First State Bank.		Neches.....	Bank of Neches succeeded by First National Bank.
	Sioux Center.....	Farmers & Merchants Bank succeeded by Sioux Center State Bank.		Rogers.....	First State Bank, Roger, name of town now Rogers.
Louisiana.....	New Orleans.....	United States Safe Deposit & Savings Bank changed to United States Trust & Savings Bank.	Ohio.....	Bellaire.....	Dollar Savings Bank succeeded by Dollar Savings Bank & Trust Co.
Maryland.....	Baltimore.....	Citizens State Bank, York Road, in receiver's hands.		Cincinnati.....	German National Bank succeeded by Lincoln National Bank.
	Hagerstown.....	Mechanics Loan & Savings Institution changed to Mechanics Loan and Savings Bank.		Cincinnati.....	Western German Bank changed to Western Bank & Trust Co.
	Odenton.....	Citizens State Bank in receiver's hands.		Lima.....	German American Bank changed to The American Bank.
Massachusetts.....	Pittsfield.....	Merger of Third National Bank with Pittsfield National Bank as published in May, 1917, issue of JOURNAL not consummated.		Loudonville.....	Citizens Savings Bank Co. succeeded by First and Savings Bank.
Michigan.....	Gladwin.....	Home State Bank changed to Gladwin State Bank.		Marietta.....	German National Bank changed to Central National Bank.
	Holly.....	Citizens Savings Bank taken over by First State and Savings Bank.	Pennsylvania.....	Philadelphia.....	Robert D. Ghiskey & Co. dissolved.
	Midland.....	Peoples Savings Bank of Midland County succeeded by Peoples State Savings Bank.	South Dakota.....	Redfield.....	German American National Bank changed to American National Bank.
	South Range.....	South Range Bank changed to South Range State Bank.	Tennessee.....	Lewisburg.....	Peoples Bank succeeded by Peoples and Union Bank.
Minnesota.....	Pipestone.....	Pipestone State Bank changed to Pipestone National Bank.		Memphis.....	Mercantile National Bank absorbed by Union and Planters Bank and Trust Co.
Missouri.....	Old Appleton.....	Appleton Bank, Appleton, now is Appleton Bank, Old Appleton.	Washington.....	Mansfield.....	Mansfield State Bank consolidated with Commercial State Bank.
	St. Louis.....	German Savings Institution changed to Liberty Bank of St. Louis.	West Virginia.....	Bluefield.....	The Bluefield Bank changed to Bluefield National Bank.

NEW AND REGAINED MEMBERS FROM FEBRUARY 26 TO MARCH 25, 1918, INCLUSIVE

Alabama

Otto Marx & Company, Birmingham (regained).
Farmers National Bank, Geneva 61-408 (regained).
Chambers County Bank, Lafayette 61-172.
Millport State Bank, Millport 61-324.
Wilsonville State Bank, Wilsonville 61-433.

Arizona

Merchants & Miners Bank, Ray 91-135.

Arkansas

Farmers Bank, Alicia 81-486.
Calhoun County Bank, Harrell 81-353.
McRae State Bank, McRae 81-565.
Montgomery County Bank, Mount Ida 81-104.
Pangburn State Bank, Pangburn 81-483.

California

Lassen Industrial Bank, Fall River Mills 90-861.
National City State Bank, National City 90-753.

Colorado

Farmers Bank, Timnath 82-301.

Connecticut

Collinsville Savings Society, Collinsville 51-257
Burritt Savings Bank, New Britain 51-92.
Peoples Savings Bank, New Britain 51-93.
Simsbury Bank & Trust Co., Simsbury 51-308.
Savings Bank of Manchester, South Manchester 51-219.
Torrington Savings Bank, Torrington 51-139.
Waterbury Savings Bank, Waterbury 51-75.

District of Columbia

Fidelity Savings Company, Inc., Washington.

Florida

Bank of Blountstown, Blountstown 63-141.

Georgia

Bank of Barwick, Barwick 64-537 (regained).
Farmers & Merchants Bank, Butler 64-456 (regained).
Bank of Newborn, Newborn 64-670 (regained).

Idaho

Farmers Commercial & Savings Bank, Oakley 92-104.
Bear Lake State Bank, Paris 92-191 (regained).
First National Bank, Ririe 92-240.

Illinois

First Trust & Savings Bank, Albany 70-1014.
Farmers & Merchants Bank, Bible Grove 70-1684.
Humboldt State Bank, Chicago 2-275.
First National Bank, Des Plaines 70-1790.
First National Bank, Elmhurst 70-599.
Peoples State Bank, Flat Rock 70-1933.
Lansing State Bank, Lansing 70-1404.
State Bank of London Mills, London Mills 70-1423.
Neoga National Bank, Neoga 70-847.
Bank of Ringwood, Ringwood 70-1888.
Bank of Virgil, Texico 70-1259.
Bank of Virgil, Virgil 70-1643.
First National Bank, Willisville 70-1779.

Indiana

First National Bank, Cannelton 71-481.
 Sparta State Bank, Cromwell 71-1119.
 Evansville Morris Plan Co., Evansville.
 Carroll County Loan, Trust & Savings Co.,
 Flora 71-542.
 Farmers & Merchants National Bank, Fort
 Branch 71-575.
 Garrett Savings Loan & Trust Co., Garrett
 71-381.
 National Bank of America, Gary 71-149.
 Bank of Hammond, Hammond 71-88.
 Mecca Bank, Mecca 71-825.
 Farmers State Bank, Mexico 71-1036.
 Central State Bank, Whiting 71-290.
 First Trust & Savings Bank, Winamac 71-1115.

Iowa

Conroy Savings Bank, Conroy 72-1260 (re-
 gained).
 Cylinder State Bank, Cylinder 72-1271.
 State Bank of Dows, Dows 72-695.
 Farmers State Bank, Ellsworth 72-1751.
 Estherville State Bank, Estherville 72-260.
 Farmers Savings Bank, Keota 72-633.
 Logan Trust & Savings Bank, Logan 72-1945.
 Iowa State Bank, Osceola 72-354.
 Farmers State Bank, Paton 72-1522.
 Primghar Savings Bank, Primghar 72-786.
 First National Bank, Whiting 72-1896.

Kansas

Bird City State Bank, Bird City 83-746.
 Bison State Bank, Bison 83-747.
 Southwest National Bank, Dodge City 83-1234.
 Kansas State Bank, El Dorado 83-1267.
 Bank of Greeley, Greeley 83-852 (regained).
 Farmers State Bank, Hays 83-1226.
 Industrial State Bank, Kansas City 18-96.
 Farmers & Merchants State Bank, Morganville
 83-685.
 State Bank of Rantoul, Rantoul 83-1009 (re-
 gained).
 Citizens State Bank, Solomon 83-396 (re-
 gained).
 Solomon National Bank Solomon 83-397 (re-
 gained).
 Peoples State Bank, Walnut 83-1130.
 North End State Bank, Wichita 40-68.

Kentucky

Crab Orchard Banking Co., Crab Orchard
 73-471.
 Peoples Savings Bank, Henderson 73-56.
 Lewisburg Banking Co., Lewisburg 73-534.
 Commercial Bank, West Liberty 73-633.

Louisiana

Bank of Newellton, Newellton 84-215 (re-
 gained).
 Marine Bank & Trust Co., New Orleans 14-61.
 Lincoln Parish Bank, Ruston 84-77 (regained).

Maine

Brunswick Savings Institution, Brunswick
 52-92.
 Fort Fairfield National Bank, Fort Fairfield
 52-134.
 Mars Hill Trust Co., Mars Hill 52-202.

Maryland

Baltimore Branch, Federal Reserve Bank of
 Richmond, Baltimore 7-27.
 Citizens National Bank, Laurel 65-77.
 First National Bank, Lonaconing 65-88.
 Woodbine National Bank, Woodbine 65-214.

Massachusetts

Manufacturers National Bank, Cambridge
 53-62.
 Third National Bank, Pittsfield 53-229.
 Tanners National Bank, Woburn 53-308.

Michigan

Alma State Savings Bank, Alma 74-322.
 Detroit Branch, Federal Reserve Bank of
 Chicago, Detroit 9-29.
 Citizens Bank of A. Ringsmuth & Co., Wake-
 field 74-874.

Minnesota

National Bank of Adrian, Adrian 75-330.
 First State Bank, Aldrich 75-1018.
 Farmers & Merchants State Bank, Austin
 75-93.
 Farmers State Bank, Barrett 75-1284.
 State Bank of Cyrus, Cyrus 75-705.
 Elysian State Bank, Elysian 75-737.
 Peoples State Bank of North Mankato, Man-
 kato 75-1053.

Minnesota (Continued)

Exchange State Bank, Minneapolis 17-89.
 Republic State Bank, Minneapolis 17-98.
 Stevens County State Bank, Morris 75-250.
 Farmers & Merchants State Bank, New York
 Mills 75-1272.
 Farmers State Bank, St. Hilaire 75-1229.
 First National Bank, Sandstone 75-226 (re-
 gained).
 Farmers State Bank, Skyberg 75-1225.
 Security State Bank, Wauamingo 75-1425.

Mississippi

First National Bank, Ecu 85-301 (regained).
 Bank of Hickory, Hickory 85-317 (regained).

Missouri

Bank of Bernie, Bernie 80-889.
 Security Savings Bank, Chaffee 80-323.
 College Mound Security Bank, College Mound
 80-933 (regained).
 Peoples Bank, De Soto 80-190 (regained).
 Exchange Bank, Fairfax 80-627.
 Bank of Fortescue, Fortescue 80-1480.
 First National Bank, Holden 80-1412.
 Queen City Bank, Queen City 80-612.
 Old-Bank Trust Co., Shelbyna 80-303 (re-
 gained).

Montana

Bank of Belfry, Belfry 93-163.
 First National Bank, Fresno 93-450.
 Farmers State Bank, Pendroy 93-404.
 Salesville State Bank, Salesville 93-247.
 State Bank of Wisdom, Wisdom 93-328 (re-
 gained).

Nebraska

Bank of Berlin, Berlin 76-655.
 Farmers & Merchants Bank, De Witt 76-345.
 Firth Bank, Firth 76-725.
 Farmers & Merchants National Bank, Fremont
 76-2.
 Holdrege State Bank, Holdrege 76-89.
 Oakland State Bank, Oakland 76-245.
 Riverton State Bank, Riverton 76-539.
 Valparaiso State Bank, Valparaiso 76-410 (re-
 gained).

New Jersey

Parkside Trust Co., Camden 55-84.
 Clementon National Bank, Clementon 55-490.
 United States Savings Bank, Newark 55-6.

New York

Albany City Savings Institution, Albany 29-4.
 Briggs National Bank, Clyde 50-698 (regained).
 Union National Bank, Friendship 50-609.
 Bank of Gowanda, Gowanda 50-744.
 Bank of LeRoy, LeRoy 50-492.
 Adirondack Trust Co., Saratoga Springs 50-288.

North Dakota

Bartlett State Bank, Bartlett 77-512.
 Beach State Bank, Beach 77-119.
 First State Bank, Fordville 77-582.
 First State Bank, Kermit 77-629 (regained).
 State Bank of Lisbon, Lisbon 77-61.
 Stockmens State Bank, Medora 77-653.
 First National Bank, Streeter 77-448.

Ohio

Clear Creek Valley Banking Co., Amanda
 56-1273.
 First National Bank, Bucyrus 56-337.

Oklahoma

First State Bank, Boise City 86-1023.
 State Exchange Bank, Boswell 86-1085.
 First State Bank, Choteau 86-566.
 Citizens State Bank, Driftwood 86-734.
 First State Bank, Elmore City 86-740.
 National Bank of Commerce, Hollis 86-399
 (regained).
 First National Bank, Hulbert 86-783 (regained).
 Bank of Hydro, Hydro 86-539.
 First State Bank, Inola 86-1008 (regained).
 Citizens State Bank, Kingfisher 86-201.
 Citizens State Bank, Minco 86-474 (regained).
 Security State Bank, Mooreland 86-833.
 Farmers National Bank, Norman 86-124.
 First State Bank, Okmulgee.
 Kiowa State Bank, Snyder 86-371.
 Farmers & Merchants Bank, Sterling 86-883.
 First State Bank, Stonewall 86-563 (regained).
 First State Bank, Talala 86-891 (regained).
 Farmers National Bank, Yale 86-1018.

Oregon

Gaston State Bank, Gaston 96-174.
 Commercial National Bank, Lakeview 96-285.
 Riddle State Bank, Riddle 96-217.

Pennsylvania

Second National Bank, Uniontown 60-383.
 Peoples State Bank, Wyalusing 60-1450.

South Carolina

Bank of Chesnee, Chesnee 67-299.
 First National Bank, Clio 67-494.
 Bank of Kingstree, Kingstree 67-220 (regained).
 Peoples Bank, North 67-274.
 First National Bank, Wagener 67-281.

South Dakota

Farmers & Merchants Bank, Armour 78-162.
 State Bank of Doland, Doland 78-243.
 Hitchcock State Bank, Hitchcock 78-413.
 Farmers Home Bank, Lily 78-667.
 Farmers Savings Bank, Rutland 78-692.
 St. Onge State Bank, St. Onge 78-611.
 Farmers Security Bank, Seneca 78-374.
 Bank of Springfield, Springfield 78-206.
 First State Bank, Stratford 78-397.
 White River State Bank, White River 78-655
 (regained).

Tennessee

First National Bank, Covington 87-567.
 Bank of Granville, Granville 87-890.
 Peoples Bank & Trust Co., Henry 87-395.
 Peoples Bank, Kelson 87-510.
 Peoples Bank, Lenoir City 87-125.
 Guaranty Bank & Trust Co., Memphis 26-66.
 Bank of Niota, Niota 87-508.
 Farmers & Merchants Bank, Trezevant 87-269.

Texas

First National Bank, Anderson 88-913.
 Farmers State Bank, Brandon 88-1604.
 First National Bank, Bryan 88-230.
 Farmers & Merchants State Bank, Carlton
 88-988.
 Guaranty State Bank, Carthage 88-415.
 First National Bank, Edgewood 88-782.
 First State Bank, Ellinger 88-1475.
 Commercial National Bank, Greenville 88-120.
 First State Bank, Henderson 88-316.
 Guaranty State Bank, Texarkana 88-102.

Utah

Grantsville Deseret Bank, Grantsville 97-67
 (regained).

Virginia

First National Bank, Alta Vista 68-304 (re-
 gained).
 First National Bank, Louisa 68-536.
 Smyth County Trust Co., Marion 68-514 (re-
 gained).
 Bank of Phenix, Phenix 68-475 (regained).

Washington

Brooks & Co. Bank, Goldendale 98-152.
 State Bank of Morton, Morton 98-338 (re-
 gained).
 Wheeler State Bank, Wheeler 98-336 (regained).

West Virginia

Citizens National Bank, Morgantown 69-94.
 Citizens National Bank, Moundsboro 69-207.
 Peoples Bank, Philippi 69-203 (regained).
 Bank of Warwood, Warwood 69-322.

Wisconsin

Brooklyn State Bank, Brooklyn 79-464.
 Burnett State Bank, Burnett 79-468.
 Badger State Bank, Cassville 79-378.
 State Bank of Cecil, Cecil 79-478.
 First National Bank, Highland 79-923.
 Citizens State Bank, Sparta 79-213.
 Stratford State Bank, Stratford 79-689.
 Farmers & Traders Bank, Wrightstown 79-726
 (regained).

Wyoming

Citizens State Bank, Casper 99-142.
 Citizens State Bank, Lost Spring 99-138.
 Torrington State Bank, Torrington 99-101.

Alaska

Bank of Petersburg, Petersburg.
 Bank of Alaska, Wrangell (regained).

Philippine Islands

Bank of the Philippine Islands, Manila (re-
 gained).

Canada

The Dominion Bank, Toronto.

